

Truth about the Teamsters at United Airlines

How the Teamsters lost the UAL OSV Arbitration

The Teamsters failure to enforce our existing Scope language will cost UAL mechanics contractually and financially in current contract negotiations.

The Teamsters failure to perform mandated OSV audits have cost United mechanics thousands of jobs and a tremendous loss of negotiating strength during current contract talks. In 2005 and 2006 UAL exceeded the OSV limit by 50%. The Teamsters failed in arbitration and in defending our contract scope in 2007, 2008 and 2009.

- 1. Why haven't the Teamsters** performed the yearly OSV audit for 2007, 2008 or 2009? Where are the quarterly OSV reports? The audits would have provided leverage in our negotiations!
IF we had these OSV audit reports we would have leverage in our current negotiations.
- 2. Why did the IBT lawyers** ignore evidence presented by IAM financial experts and United mechanics involved in the case during the 20% Outsourcing arbitration?
- 3. Why did the IBT union representatives** and lawyers fail to counter company evidence that clearly proves the company presented false information and testimony during the case?

In June of 2008, the Teamsters and United met for their first and only hearing regarding the outsourcing of our maintenance work at United Airlines. The company presented 20 additional exhibits to their case and the Teamsters presented only 2 exhibits to the mechanics case. The Teamsters handling of this and other important cases clearly demonstrates the Teamsters have no interest in using your dues to protect your contract language.

Exhibits #18 through #22 the 1999 to 2000 OSV reports presented by the company show materials included in the OSV calculation in 1999 and 2000. During cross examination Company witnesses denied the percentages presented in the pie charts included materials that were equal to the outsourcing report to the union *These exhibits show that material costs were included in the final outsourcing reported to the Union.*

The Teamster lawyers and Business Agents did not challenge this false testimony and subsequently cancelled all remaining OSV arbitration hearing dates. The Teamsters union through incompetence or by deliberate actions refused to counter false company testimony and the exhibits presented by United Airlines.

The Teamsters refused to present evidence provided by the IAM and mechanics working the case.

The arbitrator stated to the Union board member that this evidence should have been presented in the hearing and the arbitrator stated he would not allow it to be considered in the board decision.

The loss of this important language case lies with the IBT. The Teamsters have the ability to arbitrate the case again but have stated they will not. The IBT won't spend dues defending our contract or membership.
Read the Teamsters Settlement Agreement at Horizon where the IBT agreed not to fight HMTV outsourcing or publicly speak against it.

After almost three years of poor Teamsters representation and even more excuses enough is enough.

OUTSOURCING OVERVIEW

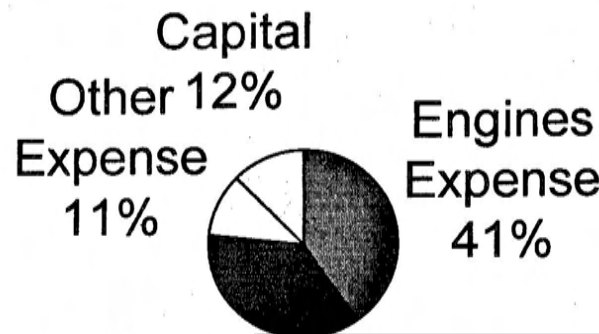
\$000,000s

The OSV Numerator \$317.89 million exactly matches the pie chart below which clearly states (includes materials expense) in the outsourcing calculation.

	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999
OSV SPENDING (Numerator)						
Capital MOD	not available	-	9.43	62.08	78.42	39.67
Expense MOD	not available	118.69	144.64	218.44	202.45	254.63
DENTK & Reservations	not available	16.84	22.23	21.63	21.60	23.58
Total OSV Spending	not available	\$ 135.53	\$ 176.30	\$ 302.15	\$ 302.47	\$ 317.89
TOTAL SPENDING (Denominator)						
Capital MOD	not available	394.05	334.65	518.58	659.48	424.86
Expense MOD	not available	1,667.56	1,721.04	1,896.05	2,004.30	2,011.60
DENTK & Reservations	not available	125.57	149.33	139.93	147.11	172.09
Total Spending	not available	\$ 2,187.18	\$ 2,205.02	\$ 2,554.56	\$ 2,810.89	\$ 2,608.56
PERCENT OUTSOURCED	7.30%	6.20%	8.00%	11.83%	10.76%	12.19%

Current OSV Percent = 12.19% or \$ 317.89 million
 Maximum OSV Percent = 20.00% or \$ 521.71 million

OSV Spending by Work Type
 (includes material expense)



The Company witnesses testified these pie chart percentages did not represent or equal the OSV numerator, despite the fact that it clearly states (includes material expense).
 The Teamsters UAL business agents and Lawyers refused to challenge this exhibit and to present the evidence on the following page to win the OSV arbitration.
 AS A RESULT thousands of UAL mechanics remain furloughed from United Airlines.

UAL Outsourcing Summary Report Jan-Dec 1999

UAL Reported Maintenance Work Outsourced

\$317,888,922.00

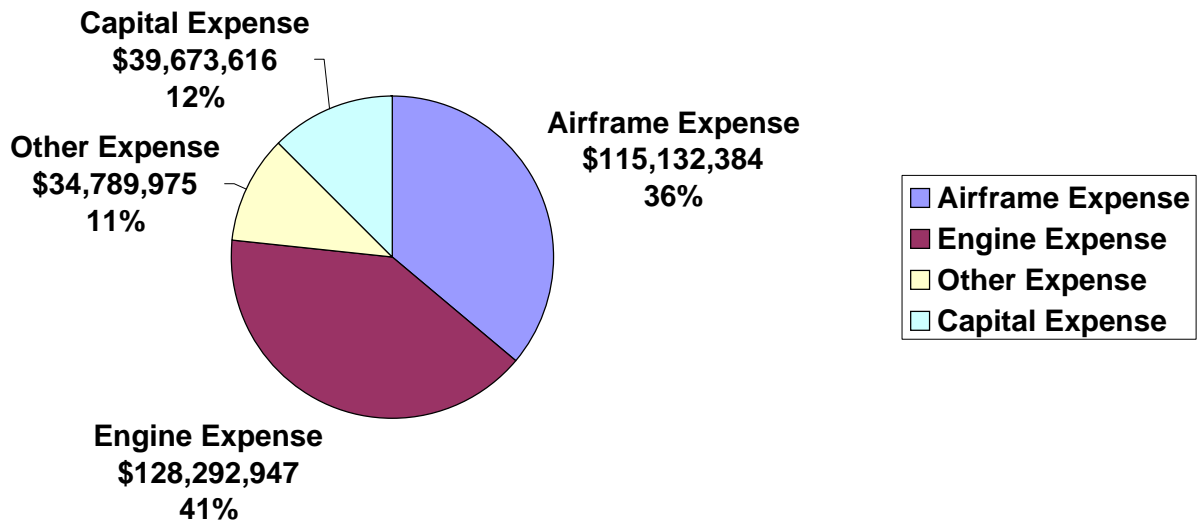
**OSV Spending by Work Type Graph
(includes material expense)**

Airframe Expense	\$115,132,384	36%
Engine Expense	\$128,292,947	41%
Other Expense	\$34,789,975	11%
Capital Expense	\$39,673,616	12%

**Total OSV Expense
Including Materials** **\$317,888,922** **100%**

Checked good

Pie Chart Equals 100% of OSV Numerator reported Outsourcing with Materials Included



OUTSOURCING OVERVIEW

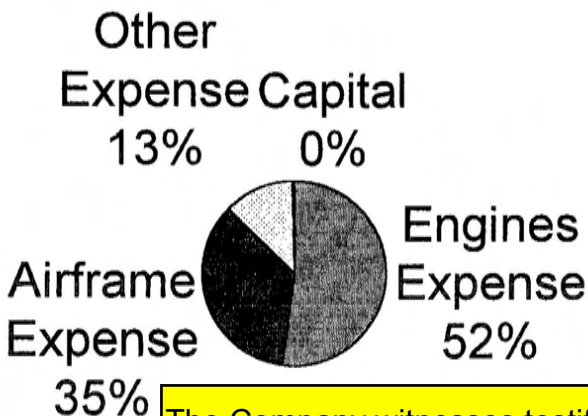
\$000,000s

The OSV Numerator \$301.84 million exactly matches the pie chart below which clearly states Materials Included in the outsourcing calculation.

	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999	Jan-Dec 2000
OSV SPENDING (Numerator)							
Capital MOD	na	-	9.43	62.08	78.42	39.67	0.60
Expense MOD	na	118.69	144.64	218.44	202.45	254.63	273.23
DENTK & Reservations	na	16.84	22.23	21.63	21.60	23.58	28.00
Total OSV Spending	na	\$ 135.53	\$ 176.30	\$ 302.15	\$ 302.47	\$ 317.88	\$ 301.84
TOTAL SPENDING (Denominator)							
Capital MOD	na	394.05	334.65	518.58	659.48	424.86	455.87
Expense MOD	na	1,667.56	1,721.04	1,896.05	2,004.30	2,011.60	2,048.51
DENTK & Reservations	na	125.57	149.33	139.93	147.11	172.09	178.45
Total Spending	na	\$ 2,187.18	\$ 2,205.02	\$ 2,554.56	\$ 2,810.89	\$ 2,608.55	\$ 2,683.83
PERCENT OUTSOURCED	7.30%	6.20%	8.00%	11.83%	10.76%	12.19%	11.25%

Current OSV Percent = 11.25% or \$ 301.84 million
 Maximum OSV Percent = 20.00% or \$ 536.77 million

OSV Spending by Work Type (includes material expense)



The Company witnesses testified these pie chart percentages did not represent or equal the OSV numerator, despite the fact that it clearly states (includes material expense) .

The Teamsters UAL business agents and Lawyers refused to challenge this exhibit and to present the evidence on the following page to win the OSV arbitration.

AS A RESULT thousands of UAL mechanics were and remain furloughed. **It is time for the UAL mechanics to throw out the Teamsters!**

Analysis of Exhibit #22 presented to Teamsters June 4, 2008 OSV Arbitration

UAL Outsourcing Summary Report Jan-Dec 2000

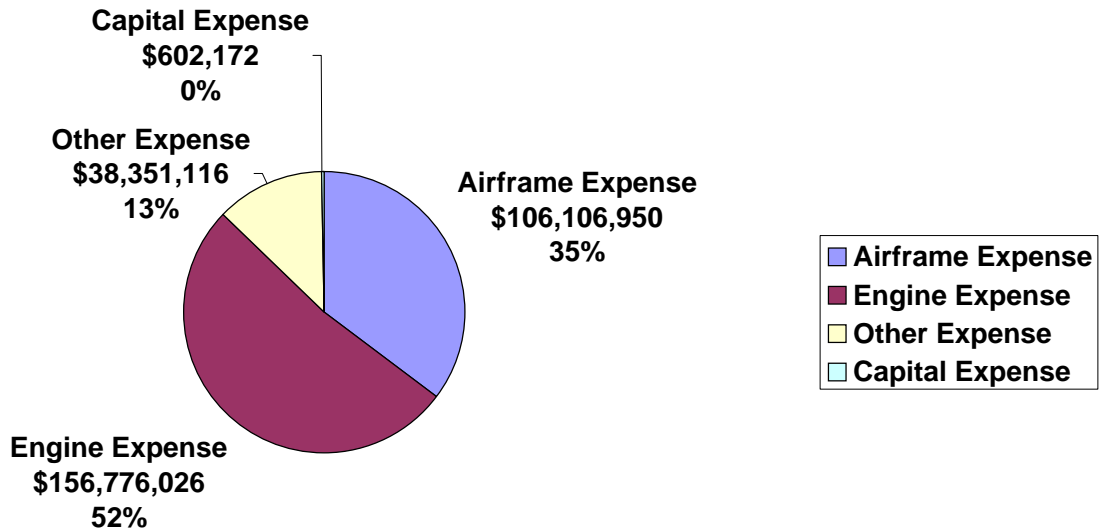
UAL Reported Maintenance Work Outsourced **\$301,836,264.00**

OSV Spending by Work Type Graph (includes material expense)

Airframe Expense	\$106,106,950	35%
Engine Expense	\$156,776,026	52%
Other Expense	\$38,351,116	13%
Capital Expense	\$602,172	0%

Total OSV Expense Including Materials **\$301,836,264.00** **100%**
Checked good

Pie Chart Equals 100% of OSV Numerator reported Outsourcing with Materials included



1 A. No.

2 Q. Okay.

3 Well, can you describe for me the letter you
4 just spoke about -- what that contained and what it was?

5 A. Yes.

6 If we can refer to Union Exhibit 12. Union
7 Exhibit 12 is a copy of a letter from Bruce Ashby to me
8 where I told Bruce that Ken Thiede had asked for some
9 kind of an accounting of outsourcing for 1994, and so, I
10 drafted the words of a letter responding to Ken's
11 request, and asked Bruce Ashby to produce the financials
12 and the accounting of what had transpired. He responded
13 to me with this, and this was the basis for the letter.

14 So, I -- to the best of my recollection,
15 without having my letter to Ken in front of me, the
16 numbers that you see here in the report would have been
17 the basis for the letter back to Ken Thiede that I just
18 testified about.

19 Q. Okay.

20 And in the letter you sent back to Ken Thiede,
21 in the calculations for the numbers for outsourced work,
22 those dollar amounts included all outsourced expenses,
23 including all nonlabor expenses?

24 A. I certainly don't know the detail of what's
25 behind the numbers in this report or most of the other

1 reports. Others do. It's my understanding from others
2 who have testified that at that time, it most likely did
3 include other expenses.

4 Q. Okay.

5 A. But again, I am not in a position to know what
6 Bruce did to create these numbers.

7 Q. You relied on Mr. Ashby for the numbers?

8 A. Yes, I did. For this report, yes.

9 Q. With regard to the OSV reports that you put
10 into the record that came from your file, did you
11 participate in any meetings with the IAM or any
12 representatives of the IAM to review those reports?

13 A. I don't think I did.

14 Q. All right.

15 Do you know if any such meetings to review
16 those reports ever occurred between the IAM and United?

17 A. Um, I heard Dr. Regulinski's testimony about a
18 meeting that he was in. I don't have specific knowledge
19 of other meetings about that.

20 Q. All right.

21 Before I went off track, I had you take out
22 Company Exhibit 2, and I wanted you to turn to the third
23 page.

24 A. Yes.

25 Q. Okay.

1 Have you reviewed the third page?

2 A. I do have it. Yes, I have.

3 Q. Okay.

4 Now, do you see at the top, where it has -- in
5 the top of the chart, it says, "OSV Spending," and
6 that's the numerator?

7 A. Yes.

8 Q. Okay.

9 And then in the middle of the chart it has,
10 "Total Spending." That's the denominator.

11 Do you see that?

12 A. Yes.

13 Q. Okay.

14 Now, you will agree with me that as far as the
15 elements -- Capital MOD, Expense MOD, DENTK, and
16 Reservations -- the same elements of the numerator and
17 the denominator are on this summary?

18 A. I see that the words are the same.

19 Q. The words are the same?

20 A. Yes.

21 Q. Okay.

22 There's no indication that there's any
23 difference between those elements, other than dollar
24 amounts?

25 A. The words are the same, yeah.

1 Q. And then you go down to the chart on the
2 bottom.

3 It says, "OSV Spending by Work Type"?

4 A. Yes.

5 Q. And in parens it says, "Includes material
6 expenses"?

7 A. Yes.

8 Q. Okay.

9 Now, in reviewing this summary, would you
10 agree with me that reviewing the top and then reviewing
11 the bottom chart would leave -- would lead one to
12 believe that in calculating total OSV spending,
13 materials were included in that calculation?

14 MR. KAPLAN: I object to the form of the
15 question.

16 ARBITRATOR LaROCCO: Well, he can talk about
17 what his conclusion is from the document, not what some
18 vague, other-person's conclusion is. The question is
19 proper if it relates to him -- his conclusion from the
20 document.

21 BY MR. McINERNEY:

22 Q. So, the question is, Mr. Kain, in looking at
23 this outsourcing overview summary here, this would lead
24 you to believe that in calculating total OSV spending --
25 that materials were included in that calculation;

1 correct?

2 A. In the calculation that has the chart at the
3 bottom of that page, yes.

4 Q. Okay.

5 You don't believe it would lead you to believe
6 that materials were included in the calculation for
7 total OSV spending?

8 A. In the table above?

9 Q. Yes.

10 A. No.

11 Q. And why wouldn't -- why do you say that?

12 A. Um, because it doesn't say that. It calls out
13 the fact in the chart, in the parenthetical, that in
14 this case it includes that. So, it seems to be calling
15 it out as some kind of an alert to the fact that it's
16 different.

17 Q. Could you turn to -- it would be the fifth
18 page?

19 A. Just make sure we're on the same page.

20 What does it say at the top?

21 Q. At the top it says, "OSV Expense Spending MOD,
22 ampersand, DENTK, ampersand, North America.

23 A. Good. Okay.

24 Q. What does the "DENTK" stand for?

25 A. That's the five-letter address code for the

1 Denver Flight Training Center.

2 Q. Okay.

3 And do you know what this chart represents on
4 this page?

5 A. I don't know anything, other than what the
6 headings say. It shows equipment type. I have no idea
7 what the account numbers refer to.

8 Q. Okay.

9 And the various DC10, 8320, B767, 747, 737,
10 757 -- those are the various aircraft types that United
11 was flying at that time?

12 A. That's correct.

13 MR. McINERNEY: All right.

14 Thank you, Mr. Kain. I have nothing further.

15 ARBITRATOR LaROCCO: Redirect examination,
16 Mr. Kaplan.

17 MR. KAPLAN: Nothing further.

18 ARBITRATOR LaROCCO: Do the Board Members have
19 any questions for Mr. Kain?

20 MR. ROSINIA: No.

21 MR. SEITZ: No.

22 ARBITRATOR LaROCCO: Okay. You're excused,
23 Mr. Kain, from the stand.

24 THE WITNESS: Thank you.

25 ARBITRATOR LaROCCO: Let's go off the record