

UNITED



August 15, 2011

Captain Wendy Morse
Chairperson
United Air Lines Master Executive Council
Air Line Pilots Association, International
9550 W. Higgins Road, Suite 1000
Rosemont, IL 60018

Captain Jay Pierce
Chairman
Continental Airlines Master Executive Council
Air Line Pilots Association, International
3808A World Houston Parkway
Houston, TX 77032

Dear Captain Morse and Captain Pierce:

Prior to closing the merger of United Airlines and Continental Airlines, we discussed with you how we could work together to promptly achieve a joint collective agreement for our pilots. At the time, our mutual desire was to reach an agreement which would provide pay and benefit improvements for your members while creating a platform for the competitive success of the new United Airlines, which is the only way to provide job security for our co-workers.

At that time, we negotiated a transition and process agreement containing a detailed timeline and process for the joint negotiations. The respective ALPA MECs negotiated between themselves a protocol agreement to address seniority integration and other intra-union issues.

While we each wanted to conclude the joint collective bargaining agreement promptly, and we have subsequently made significant progress (with tentative agreements on ten sections of the contract already), we all believe that we are not moving quickly enough to finalize the joint contract. While we could each point to a number of reasons or excuses for not concluding a joint contract to date, we think we can agree that both sides desire to reach a joint collective bargaining agreement promptly.

It is with this important goal in mind that we propose to you a new process that will provide both sides the best opportunity to get a joint collective bargaining agreement done promptly.

To assure a new joint agreement is concluded promptly, we hereby propose that we begin the following negotiations protocol:

First, we would each agree to a concentrated period of negotiations (60-90 days) attended by the necessary principal participants who have the authority to reach an agreement;

Second, we would agree upfront to submit any issues that remain open after the concentrated negotiation period referred to above to final and binding arbitration before a mutually acceptable arbitrator. The arbitrator and his/her decision would be required to follow mutually agreed parameters, which would be agreed in writing between us and submitted to the arbitrator prior to our commencing the period of concentrated negotiations.

Mutually agreed parameters could include such things as:

- duration of the contract
- acceptable range of hourly rates of pay
- productivity standards and other factors for the arbitrator to consider
- scope protections/flexibility, and
- requirement to offer an early out and the terms thereof.

Third, we would establish a specific timetable for the conduct of the arbitration process; and

Fourth, we would establish a specific date for the final determination by the arbitrator and the publication of his/her decision. Upon the rendering of the arbitrator's decision, the joint collective bargaining agreement, incorporating the terms determined by the arbitrator, would go into effect and be binding on the parties, subject to conclusion of the integrated seniority list.

We intend for this proposal to both create an express time frame for conclusion of a joint collective bargaining agreement and to motivate the parties to resolve as many open items as possible so as to avoid the uncertainty inherent in the arbitration process. We're optimistic that, as long as both parties act in good faith, we can use this process to reach a mutually beneficial agreement promptly.

Please let us know your willingness to commit to this proposal by the close of business on Monday, August 29th so we can commence this process to deliver timely a joint collective bargaining to our pilots, for their benefit and for the benefit of the company.

Sincerely,



Mike Bonds
Executive Vice President
Human Resources and Labor Relations



Doug McKeen
Senior Vice President
Labor Relations