

Summary of Comprehensive Company Proposal for Joint Collective Bargaining Agreement

All parties have been working toward the closure of a very complex Agreement in a comparatively short period of time, and we agree wholeheartedly with the various statements that ALPA has made to the effect that doing it right must trump doing it quick. Today's proposal, attempts to do both.

The Company proposes that the JCBA contain language that clearly reflects the agreements reached between the parties in a way that pilots can readily access and understand. Whenever possible, the JCBA should contain plain language in one place that conveys the full agreement on each topic. The Comprehensive Proposal and its component individual Section by Section proposals reflect that belief.

We recognize that formulating precise language will be a complex task requiring extensive collaboration. The Company believes we should commence the contemplated Language Committee at our earliest opportunity, beginning to finalize language on existing Agreements in Principle.

In that regard, you will notice in the Comprehensive Proposal that the substantive proposals are restricted to substance, not language. That is by design. Doing so allows the negotiating committees to focus on concepts and substantive agreement, and the Language Committee to develop the final product, as was originally agreed.

What follows is intended merely as a short summary of the many pages of the actual proposals. In the event of any unintended conflict, the language of the proposals themselves will govern as to the Company's proposed terms.

Section 1 – Scope

- Industry Competitive Regional Flying restrictions:
 - 250 maximum large (less than 95 seats) regional jets (no restriction on props)
 - Maximum 6% regional jet flying between hubs
 - Minimum 90% into/out of Key/Hub Cities
 - Add large regional jets for increases in active mainline fleet (consistent with Delta)
- Allow alliances/marketing arrangements so long as pilot positions protected
- ALPA to keep seat on BOD
- ALPA option to reopen for change in control
- CBA binding on successors and affiliates
- ALPA merger policy
- No obligation to perform struck work
- Company to retain management rights
- Company will continue to oppose cabotage

Section 2 – Definitions

- Develop in context of final Agreement

Section 3 - Compensation

Existing Continental Compensation system (except expand pay bands from three to four) and Minimum Pay Guarantee provisions plus:

- Full inclusion in Company-wide Profit Sharing Plan through amendable date of JCBA
- United Protected Time Credit in lieu of Trip Protection
- Pay and block time begin upon ground movement
- 1:3.5 Trip Rig (minimum pay for time away from base) applied against bid period
- Minimum Pay Guarantees – lineholder = 72 hours; “A” reserve = 72 hours; “B” reserve = 76 hours
- Pay in four groupings, with Rates competitive with Delta:
 - Group A – A350, B747, B787, and B777; Group B – B767-400, B767-300, and B767-200; Group C – B757-300, B757-200, B737-900, and B737-800; Group D – B737-700, B737-500, A320, and A319
 - Pay Rates in the 1st year of the proposed Agreement are as follows:

Captain Rates – Effective January 1, 2011

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Group A	\$35.07	\$201.79	\$203.42	\$205.06	\$206.68	\$208.31	\$209.93	\$211.55	\$213.19	\$214.82	\$216.43	\$218.06
Group B	\$35.07	\$183.35	\$184.72	\$186.08	\$187.45	\$188.82	\$190.18	\$191.55	\$192.92	\$194.28	\$195.65	\$197.02
Group C	\$35.07	\$164.95	\$166.40	\$167.85	\$169.31	\$170.76	\$172.22	\$173.68	\$175.12	\$176.59	\$178.04	\$179.49
Group D	\$35.07	\$153.96	\$155.44	\$156.91	\$158.40	\$159.88	\$161.35	\$162.83	\$164.30	\$165.77	\$167.27	\$168.74

First Officer Rates – Effective January 1, 2011

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Group A	\$35.07	\$108.42	\$126.71	\$129.76	\$132.84	\$136.17	\$139.94	\$143.13	\$144.65	\$146.61	\$147.92	\$149.25
Group B	\$35.07	\$76.03	\$89.42	\$101.15	\$111.19	\$121.37	\$124.12	\$126.92	\$129.26	\$132.10	\$133.51	\$134.44
Group C	\$35.07	\$68.52	\$80.66	\$91.33	\$100.51	\$109.83	\$112.47	\$115.14	\$117.40	\$120.12	\$121.55	\$122.54
Group D	\$35.07	\$64.07	\$75.44	\$85.47	\$94.11	\$102.90	\$105.44	\$108.01	\$110.20	\$112.83	\$114.25	\$115.25

Section 4 – Expenses

Existing United Travel Expenses and Lodging provisions plus:

- Increase Basic per diem to \$2.05; Premium per diem to \$2.50, based on current CAL definition (in conjunction with elimination of UA cleaning expenses). Increase 5 cents per year through amendable date
- Lodging and per diem for new-hires
- Additional crew meals for international flights
- Provide one hour add pay and expense reimbursement when required to obtain visas in person
- Mirror Delta’s hotel selection process with CAL “downtown hotel” definition

Section 5 – Hours of Service

Existing Continental Hours of Service and Deadhead provisions plus:

- Provide center-seat deadhead premium pay at 150%
- Include existing United cross-town / double-town operations
- Allow deadheading pilots to board anytime during boarding process
- Eliminate augmentation table
- Crew rest in highest class of service if no bunk
- Adopting the Continental provisions brings inherent agreement to ALPA's proposal for no OMC (jumpseat) Deadhead

Section 6 - Seniority

Existing United Seniority provisions plus:

- Forfeit seniority when reach FAA mandatory retirement age (grandfather current over age 65 Instructors)

Section 7 – Furlough

Agreement in Principle reached 8/10/2010.

Section 8 – Staffing

Existing United Staffing provisions plus:

- Percentage Bidding
- Allow conditional bumps (seniority displacement) on a percentage basis
- Min/Max on Vacancy Bids (System Bids)
- Release from freeze to bid up in Pay Category
- Eliminate restrictions on ability to downbid
- Pay Protections now one-for-all based on from/to
- Permit Domicile swaps
- Eliminate restrictions on using reserve out-of-base
- Eliminate Age-64 Bypass

Section 9 – Training

Existing United Training provisions plus:

- Enhanced Lost Qual protections
- Eliminate OMC (jumpseat) travel for training
- Eliminate use of line F/Os as captain during LOE qualification events
- Continental pay for training (2.4/day see Section 3 proposal)
- Continental self-study provisions
- No more than thirty-minute wait for training ground transportation

- Continental bidding provisions for PC/PT (CQ) events (with enhancements)
- Travel to training as deadhead seating
- Ground training to match Continental's at 8 hours
- Continental scheduling of recurrent ground school

Section 10 - Moving Expenses

Existing United Moving Expenses provisions plus:

- One paid move for all vacancies awarded within 24 months of Operational Merger regardless of bid award
- One additional paid move for all pilots during their career, regardless of vacancy award
- Move expenses paid from any location within CONUS (not restricted to distance from old to new domicile)
- 200 mile radius, at least 50 miles closer
- Travel and transfer days pre-loaded in PBS
- Paid moves for New Equipment Domiciles

Section 11 - Vacation

Existing United Vacation provisions plus:

- Provide minimum allocation of vacation each week
- Improve Vacation bidding/award process
- Allow seven-day splits of vacation
- Vacation slide
- Eliminate involuntary assignment of monthly vacation
- Involuntarily bumped pilots can retain awarded vacation
- 401k deposit of unused vacation
- Increase vacation pay to 3:15 per day
- Vacation Drops pay 3:15 per day
- Cap vacation accrual at 37 days

Section 12 – Leaves of Absence

Agreement in Principle reached 9/16/2010.

Section 13 – Sick Leave

Existing United Sick Leave provisions plus:

- Increase maximum bank to 1300 hours
- Protect Deadhead
- Sick Leave usage based on current Continental provisions
- Replace short-term disability with LTD
- Continental rapid re-accrual

Section 14 – Physical Exams

Agreement in Principle reached 8/10/2010.

Section 15 – Workmen’s Compensation

Existing Continental Workmen’s Compensation provisions:

- Convert Continental OI Bank to sick leave bank

Section 16 – Missing Benefits

Agreement in Principle reached 8/10/2010.

Section 17 – Grievances

Agreement in Principle reached 8/12/2010.

Section 18 – System Board of Adjustment

Agreement in Principle reached 8/10/2010.

Section 19 – Crew Complement

Eliminate section; provision addressed in General.

Section 20 – Scheduling

Existing Continental Scheduling provisions plus:

- Minimum 13 Days Off in a 31-day bid month
- 2:45 credit per absence day
- Personal Days
- Allow Lineholder pickup out-of-base after Aggressive Pickup Window plus 2 hours
- Increase percentage of allowable “A” reserve lines
- Increase “A” reserve callout time
- CQ counted as work days (no proration of days off)
- All Deadhead counted as credit
- Eliminate scheduled one-way IRO
- Life Event drops
- Discuss modifications to Trip Trading system
- Adopting the Continental provisions brings inherent agreement to ALPA’s proposal for:
 - √ Set LPA within a range
 - √ Balanced line construction range
 - √ Bid award conflicts treated like legality conflicts
 - √ Include carry-in credit in line construction
 - √ Eliminate shaded day off concept
 - √ Restore all lost days off
 - √ Premium pay for reassignment past pairing termination

√ Trip splits

Section 21 General

Combination of existing United and Continental General provisions.

Section 22 – International Agreement

All provisions regarding International Flying incorporated and addressed in main section of the new JCBA.

Section 23 – Flight Instructors

Based on existing United CBA and Pilot Instructor Guidelines plus:

- Flight Instructors able to perform Evaluator functions in accordance with CAL provisions
- Pay per event plus override
- Pay Rates based on Best Held with no cap on rate
- Line Seniority
- Monthly line rotation for proficiency flying
- Company to select and maintain Instructor roster
- Remove duty period restriction on Line Check Airmen
- Thanksgiving as Holiday
- 18 events per month with flex
- Instructor can fly line trips on scheduled days off
- Adopt Continental Flight Instructor scheduling rules

Section 24 – Retirement and Insurance

Health & Welfare (Primarily based on Continental benefits with some exceptions):

- 3 Health Plans – PPO, EPO, and HSA
 - Modified from existing Continental provisions
 - Retain certain HMOs such as Kaiser
 - Premiums determined based upon Continental current practice, except retirees rated separately
 - Provide 100% coverage for preventive services, screenings, and immunization
- 2 Dental Plans (actives only) – PPO, DHMO modified from existing Continental provisions
- Vision Plan modified from existing United provisions
- Retiree Medical
 - Legacy United and legacy Continental pilots retain their respective retiree medical plan subsidies
 - Company and ALPA to work together over course of contract to harmonize retiree medical
 - Rate setting in two pools, one for pre-65 and one for post-65 retirees

- Long-Term Disability (PDI/LTD)
 - Eliminate United PDI and replace with Continental LOL/LTD Plan
 - Continental pilots unchanged
 - United pilots who commenced PDI as of Dec. 13, 2007 paid to age 60 and retain existing United benefits
 - United pilots who commenced PDI after Dec. 13, 2007 but prior to effective date of contract paid to age 65 and retain existing United benefits
 - Future disabled United pilots covered by Continental LTD and paid to age 65
- Life Insurance/AD&D
 - Modified from United current benefits
 - Basic, company paid term life: 1 x pay up to \$500k
 - Retain United pilot GVUL, dependent life, invalidated life, AMC & CRAF flight benefit, and special hazards benefit
 - Retain United company-paid AD&D (\$4k + \$35); with employee-paid buy-up for employee, spouse and children

Retirement (Primarily based on Continental benefits with modified contribution rates):

- A Plan (CPRP): Remains frozen as is.
- B and C Plans:
 - Consolidate legacy United plans into the legacy Continental 401(k) Plan and Money Purchase Pension Plan, with a 16% contribution rate
 - Current Continental pilots phase-in contribution rate to 16% (additional 1.25% in first year and 0.5% increase in each of the next four years up to 16%)
 - Current United pilots receive 16% contribution rate immediately
 - Retain Continental plan documents and governance practices
 - Prior to Single Operating Certificate, all new hires receive the plan of the organization they hire into
 - After Single Operating Certificate all new hires receive 16% contribution rate

Letters of Agreement

Generally, eliminate LOAs, and incorporate as appropriate into main CBA.

Continental GUM provisions plus:

- Foreign Base Allowance of \$3000/month
- Allow for varying reserve patterns/blocks
- Enhanced credit and days off for CQ training
- Expand immediate family for emergency drop

Continental FOQA.

Continental ASAP.

Create new Section to contain ALPA trip loss/committee issues.

- All known absences to be pre-assigned

NEW – Enhanced Early Retirement Program

Provide for enhanced early retirement with \$250,000 cash incentive payments, contingent on reaching JCBA and single seniority list before the single operating certificate is obtained from the FAA.

This document is a summary of the terms of the Company's comprehensive JCBA proposal presented on October 27, 2010. Some of the positions presented here have since been modified significantly in response to proposals by ALPA.