

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation	I.R.S. Employer Identification No
001-06033	United Continental Holdings, Inc. 233 South Wacker Drive Chicago, Illinois 60606 (312) 997-8000	Delaware	36-2675207
001-11355	United Air Lines, Inc. 233 South Wacker Drive Chicago, Illinois 60606 (312) 997-8000	Delaware	36-2675206
001-10323	Continental Airlines, Inc. 233 South Wacker Drive Chicago, Illinois 60606 (312) 997-8000	Delaware	74-2099724

Securities registered pursuant to Section 12(b) of the Act:

	Title of Each Class	Name of Each Exchange on Which Registered
United Continental Holdings, Inc.	Common Stock, \$0.01 par value	New York Stock Exchange
United Air Lines, Inc.	None	None
Continental Airlines, Inc.	None	None

Securities registered pursuant to Section 12(g) of the Act:

United Continental Holdings, Inc.	None
United Air Lines, Inc.	None
Continental Airlines, Inc.	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

United Continental Holdings, Inc. Yes No
 United Air Lines, Inc. Yes No
 Continental Airlines, Inc. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

United Continental Holdings, Inc. Yes No
 United Air Lines, Inc. Yes No
 Continental Airlines, Inc. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

United Continental Holdings, Inc. Yes No
 United Air Lines, Inc. Yes No
 Continental Airlines, Inc. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

United Continental Holdings, Inc. Yes No
 United Air Lines, Inc. Yes No
 Continental Airlines, Inc. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

United Continental Holdings, Inc.
 United Air Lines, Inc.
 Continental Airlines, Inc.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

United Continental Holdings, Inc.	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
United Air Lines, Inc.	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Continental Airlines, Inc.	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

United Continental Holdings, Inc. Yes No
 United Air Lines, Inc. Yes No
 Continental Airlines, Inc. Yes No

The aggregate market value of voting stock held by non-affiliates of United Continental Holdings, Inc. was \$8,062,585,445 as of June 30, 2012. There is no market for United Air Lines, Inc. common stock or Continental Airlines, Inc. common stock.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of February 7, 2013.

United Continental Holdings, Inc. 332,635,139 shares of common stock (\$0.01 par value)
 United Air Lines, Inc. 205 (100% owned by United Continental Holdings, Inc.)
 Continental Airlines, Inc. 1,000 (100% owned by United Continental Holdings, Inc.)

This combined Form 10-K is separately filed by United Continental Holdings, Inc., United Air Lines, Inc. and Continental Airlines, Inc.

OMISSION OF CERTAIN INFORMATION

United Air Lines, Inc. and Continental Airlines, Inc. meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this form with the reduced disclosure format allowed under that General Instruction.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Items 10, 11, 12 and 13 of Part III of this Form 10-K are incorporated by reference for United Continental Holdings, Inc. from its definitive proxy statement for its 2013 Annual Meeting of Stockholders.

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**United Continental Holdings, Inc. and Subsidiary Companies
United Air Lines, Inc. and Subsidiary Companies
Continental Airlines, Inc. and Subsidiary Companies**

**Report on Form 10-K
For the Year Ended December 31, 2012**

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This Form 10-K contains various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company’s expectations and beliefs concerning future events, based on information available to the Company on the date of the filing of this Form 10-K, and are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from those referenced in the forward-looking statements are listed in Item 1A, Risk Factors and in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations. The Company disclaims any intent or obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise, except as required by applicable law.

PART I

ITEM 1. BUSINESS.

Overview

United Continental Holdings, Inc. (together with its consolidated subsidiaries, “UAL”) is a holding company and its principal, wholly-owned subsidiaries are United Air Lines, Inc. (together with its consolidated subsidiaries, “United”) and Continental Airlines, Inc. (together with its consolidated subsidiaries, “Continental”). This combined Annual Report on Form 10-K is separately filed by each of United Continental Holdings, Inc., United Air Lines, Inc. and Continental Airlines, Inc. Each registrant hereto is filing on its own behalf all of the information contained in this report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

This Annual Report on Form 10-K is a combined report of UAL, United and Continental. We sometimes use the words “we,” “our,” “us,” and the “Company” in this Form 10-K for disclosures that relate to all of UAL, United and Continental. As UAL consolidated United and Continental beginning October 1, 2010 for financial statement purposes, disclosures that relate to United or Continental activities also apply to UAL, unless otherwise noted. When appropriate, UAL, United and Continental are named specifically for their related activities and disclosures. This report uses “Continental Successor” to refer to Continental subsequent to the Merger (defined below) and “Continental Predecessor” to refer to Continental prior to the Merger.

UAL was incorporated under the laws of the State of Delaware on December 30, 1968. Our world headquarters is located at 233 South Wacker Drive, Chicago, Illinois 60606 (telephone number (312) 997-8000).

The Company’s website is www.unitedcontinentalholdings.com. The information contained on or connected to the Company’s website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the U.S. Securities and Exchange Commission (“SEC”). Through this website, the Company’s filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, are accessible without charge as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Such filings are also available on the SEC’s website at www.sec.gov.

Merger Integration

On May 2, 2010, UAL Corporation, Continental, and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into an Agreement and Plan of Merger providing for a “merger of equals” business combination. On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the “Merger”). Upon closing of the Merger, UAL Corporation became the parent company of both United and Continental and UAL Corporation’s name was changed to United Continental Holdings, Inc. UAL’s consolidated financial statements include the results of operations of Continental and its subsidiaries for the period subsequent to October 1, 2010.

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Integration-related 2012 accomplishments include:

- The Company made significant progress in integrating its products, services, policies and a number of information technology systems. Following the conversion of its passenger service system in March 2012, the Company now has a single loyalty program, MileagePlus, and a single website, united.com. Continental's OnePass loyalty program formally ended in the first quarter of 2012, at which point United automatically enrolled OnePass members in the MileagePlus program and deposited into those MileagePlus accounts award miles equal to OnePass members' award miles balance. As a result of the conversion to a single passenger service system, the Company now operates using a single reservations system, carrier code, flight schedule, website and departure control system;
- The Company continued to redeploy aircraft across its global network, better matching aircraft and demand on a route by route basis; and
- The United and Continental pilots represented by the Air Line Pilots Association, International ("ALPA") ratified a new joint collective bargaining agreement with the Company.

Some key initiatives for the Company in 2013 include maintaining reliable operational performance, investing in customer service training and tools for its frontline co-workers, completing the installation of flat-bed seats in the premium cabins of its international widebody aircraft, installing global satellite based WiFi on approximately 300 of its mainline aircraft, and reaching competitive joint collective bargaining agreements with its union-represented employee groups.

See Notes 1 and 21 to the financial statements included in Item 8 of this report and Item 1A, Risk Factors, for additional information on the Merger.

Operations

Network. The Company transports people and cargo through its mainline operations, which use jet aircraft with at least 110 seats, and its regional operations. See Item 2, Properties, for a description of the Company's mainline and regional aircraft.

With key global air rights in the U.S., Asia-Pacific, Europe, Middle East, Africa, and Latin America, UAL has the world's most comprehensive global route network. UAL, through United and Continental and their regional carriers, operates more than 5,500 daily flights to more than 375 U.S. and international destinations from the Company's hubs at Newark Liberty International Airport ("Newark Liberty"), Chicago O'Hare International Airport ("Chicago O'Hare"), Denver International Airport ("Denver"), George Bush Intercontinental Airport ("Houston Bush"), Hopkins International Airport ("Cleveland Hopkins"), Los Angeles International Airport ("LAX"), A.B. Won Pat International Airport ("Guam"), San Francisco International Airport ("SFO") and Washington Dulles International Airport ("Washington Dulles").

All of the Company's domestic hubs are located in large business and population centers, contributing to a large amount of "origin and destination" traffic. Our hub and spoke system allows us to transport passengers between a large number of destinations with substantially more frequent service than if each route were served directly. Our hub system also allows us to add service to a new destination from a large number of cities using only one or a limited number of aircraft. As discussed under *Alliances* below, United is a member of Star Alliance, the world's largest airline network.

Regional. The Company has contractual relationships with various regional carriers to provide regional jet and turboprop service branded as United Express. These regional operations are an extension of the Company's mainline network. This regional service complements our operations by carrying traffic that connects to our mainline service and allows flights to smaller cities that cannot be provided economically with mainline aircraft. Chautauqua Airlines, Republic Airlines ("Republic"), CommutAir Airlines, ExpressJet Airlines, GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines ("SkyWest") and Trans States Airlines ("Trans States") are all regional carriers, which operate most of their capacity under capacity purchase agreements with United and/or

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Continental. Under these capacity purchase agreements, the Company pays the regional carriers contractually-agreed fees (carrier-controlled costs) for operating these flights plus a variable reimbursement (incentive payment for superior operational performance) based on agreed performance metrics. The fees for carrier-controlled costs are based on specific rates for various operating expenses of the regional carriers, such as crew expenses, maintenance and aircraft ownership, some of which are multiplied by specific operating statistics (e.g., block hours, departures) while others are fixed monthly amounts. Under these capacity purchase agreements, the Company is responsible for all fuel costs incurred as well as landing fees, facilities rent and other costs, which are passed through by the regional carrier to the Company without any markup. In return, the regional carriers operate this capacity exclusively for United and/or Continental, on schedules determined by the Company. The Company also determines pricing and revenue management, assumes the inventory and distribution risk for the available seats, and permits mileage accrual and redemption for regional flights through its MileagePlus program.

While the regional carriers operating under capacity purchase agreements comprise more than 95% of all regional flights, the Company also has prorate agreements with Hyannis Air Service, Inc. (“Cape Air”), Silver Airways (“Silver”), SkyWest and Trans States. Under these commercial flying agreements, the Company and its regional carriers agree to divide revenue collected from each passenger according to a formula, while both the Company and its regional carriers are individually responsible for their own costs of operations. Unlike capacity purchase agreements, under a prorate agreement, the regional carrier retains the control and risk of scheduling, and in most cases, market selection, local seat pricing and inventory for its flights, although the Company and its regional carriers may coordinate schedules to maximize connections.

Financial information on the Company’s operating revenues by geographic regions, as reported to the U.S. Department of Transportation (the “DOT”), can be found in Note 10 to the financial statements included in Item 8 of this report.

Alliances. United and Continental have a number of bilateral and multilateral alliances with other airlines, which enhance travel options for customers by providing greater time of day coverage to common destinations, additional mileage accrual and redemption opportunities, and access to markets that United and Continental do not serve directly. These marketing alliances typically include one or more of the following features: loyalty program reciprocity; codesharing of flight operations (whereby seats on one carrier’s selected flights can be marketed under the brand name of another carrier); coordination of reservations, ticketing, passenger check-in, baggage handling and flight schedules, and other resource-sharing activities.

United is a member of Star Alliance, a global integrated airline network co-founded by United in 1997 and the largest and most comprehensive airline alliance in the world. As of January 1, 2013, Star Alliance carriers served 1,329 airports in 194 countries with over 21,900 daily flights. Current Star Alliance members, in addition to United, are Adria Airways, Aegean Airlines, Air Canada, Air China, Air New Zealand, All Nippon Airways, Asiana Airlines, Austrian Airlines, Avianca/Taca Airlines, Brussels Airlines, Copa Airlines, Croatia Airlines, EGYPTAIR, Ethiopian Airlines, LOT Polish Airlines, Lufthansa, SAS Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, SWISS, TAM Airlines, TAP Portugal, THAI Airways International, Turkish Airlines and US Airways. Star Alliance has announced that EVA Air will be a future Star Alliance member. On February 14, 2013, US Airways announced an agreement to merge with AMR Corporation and its intent to exit Star Alliance as a result of such merger.

United, Continental, Air Canada and the Lufthansa Group (which includes Lufthansa and its affiliates Austrian Airlines, Brussels Airlines and SWISS) participate in a joint venture agreement covering trans-Atlantic routes. The joint venture, which enables the carriers to integrate the services they operate between the United States and Europe and to capture revenue synergies, delivers highly competitive flight schedules, fares and services. The joint venture has a revenue-sharing structure that will result in payments among participants based on a formula that compares current period unit revenue performance on trans-Atlantic routes to a historic period, or “baseline,” which is reset annually. The payments are calculated on a quarterly basis and are subject to a cap. See *Industry Regulation* below. The European Commission, which has been conducting a standard review of the competitive effects of the joint venture, has not yet completed its review.

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United, Continental and All Nippon Airways participate in a joint venture agreement covering certain trans-Pacific routes between the United States and Japan, and other destinations in Asia. The joint venture, which enables the carriers to integrate the services they operate between the United States and Asia and to capture revenue synergies, delivers highly competitive flight schedules, fares and services. The joint venture has a revenue-sharing structure that results in payments among participants based on a formula that compares current period unit revenue performance on certain trans-Pacific routes to a historic period, or “baseline”. The payments will be calculated on a quarterly basis and are subject to an annual cap.

In 2010, United, Continental and Air Canada entered into a memorandum of understanding to establish a revenue sharing trans-border joint venture. The parties subsequently drafted a joint venture agreement based on the trans-Atlantic joint venture agreement among United, Continental, Air Canada and the Lufthansa Group. On October 24, 2012, United, Continental and Air Canada reached a Consent Agreement with the Canadian Competition Bureau settling litigation related to the proposed joint venture which will allow its implementation and full coordination among the parties, with certain exceptions on a limited number of non-stop routes. United, Continental and Air Canada already have U.S. antitrust immunity. A definitive joint venture agreement has not yet been finalized.

United and Continental currently maintain independent marketing agreements with other air carriers including Aeromar, Aer Lingus, Cape Air, EVA Air, Great Lakes Airlines, Silver, Hawaiian Airlines, Island Air, and Jet Airways. In addition, United offers a train-to-plane alliance with Amtrak from Newark Liberty to select regional destinations.

Loyalty Program. United’s MileagePlus program builds customer loyalty by offering awards and services to program participants. Members in this program earn mileage credit for flights on United, Continental, United Express, airlines in Star Alliance and certain other airlines that participate in the program. Members can also earn miles by purchasing the goods and services of our network of non-airline partners, such as credit card issuers, retail merchants, hotels and car rental companies. Members can redeem mileage credits for free, discounted or upgraded travel and non-travel awards.

Under the Company’s Consolidated Amended and Restated Co-Branded Card Marketing Services Agreement dated June 9, 2011 (the “Co-Brand Agreement”) with Chase Bank USA, N.A. (“Chase”), loyalty program members accrue frequent flyer miles for making purchases using co-branded credit cards issued by Chase. The Co-Brand Agreement provides for joint marketing of the Company’s credit card program and provides Chase with other benefits such as permission to market to the Company’s customer database.

In 2012, 4.7 million MileagePlus travel awards were used on United and Continental. These awards represented 7.4% and 6.8% of United’s and Continental’s total revenue passenger miles in 2012, respectively.

Total miles redeemed for travel on United and Continental in 2012, including class-of-service upgrades, represented 83% of the total miles redeemed. In addition, excluding miles redeemed for travel on United and Continental, MileagePlus members redeemed miles for approximately 1.6 million awards in 2012 as compared to 1.8 million in 2011. These non-United and non-Continental travel awards include United Club memberships, car and hotel awards, merchandise and travel on another air carrier. The decrease in the number of non-United and non-Continental travel awards redeemed in 2012 compared to 2011 was due to a decrease in hotel, car and United Club redemptions.

Fuel. Aircraft fuel has been the Company’s single largest and most volatile operating expense for the last several years. The table below summarizes UAL’s aircraft fuel consumption and expense during the last three years.

<u>Year</u>	<u>Gallons Consumed (in millions)</u>	<u>Fuel Expense (in millions)</u>	<u>Average Price Per Gallon</u>	<u>Percentage of Total Operating Expense (a)</u>
2012	4,016	\$ 13,138	\$ 3.27	37%
2011	4,038	\$ 12,375	\$ 3.06	36%
2010 (b)	2,798	\$ 6,687	\$ 2.39	30%

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- (a) Calculation excludes special charges identified in Note 21 to the financial statements included in Item 8 of this report.
- (b) Excludes fuel consumption and cost for Continental Predecessor prior to October 1, 2010.

The availability and price of aircraft fuel significantly affect the Company's operations, results of operations, financial position and liquidity. To provide adequate supplies of fuel, the Company routinely enters into short-term and long-term purchase contracts and has some ability to store fuel close to its major hub locations. To protect against increases in the prices of aircraft fuel, the Company routinely hedges a portion of its future fuel requirements. The Company generally uses commonly used financial hedge instruments based on aircraft fuel or closely related commodities including heating oil, diesel fuel and crude oil.

Third-Party Business. United has third-party business revenue that includes fuel sales, catering, ground handling, maintenance services and frequent flyer award non-air redemptions, and third-party business revenue is recorded in other revenue. The Company has a contract to sell aircraft fuel to a third party which is earnings-neutral but results in revenue and expense, specifically cost of sale which is unrelated to the operation of the airline. United also incurs third-party business expenses, such as maintenance, ground handling and catering services for third parties, fuel sales and non-air mileage redemptions, and those third-party business expenses are recorded in other operating expenses.

Distribution Channels. The majority of the Company's airline seat inventory continues to be distributed through the traditional channels of travel agencies and global distribution systems ("GDS"). The growing use of the Company's direct sales website, united.com, the Company's mobile applications and alternative distribution systems, provides the Company with an opportunity to de-commoditize its services, better control its content, make more targeted offerings, better retain its customers, enhance its brand and lower its ticket distribution costs. To encourage customer use of lower-cost channels and capitalize on these cost-saving opportunities, the Company will continue to expand the capabilities of its website and mobile applications and explore alternative distribution channels.

Industry Conditions

Domestic Competition. The domestic airline industry is highly competitive and dynamic. Currently, any U.S. carrier deemed fit by the DOT is free to operate scheduled passenger service between any two points within the United States. The Company's competitors consist primarily of other airlines and, to a lesser extent, other forms of transportation. Competition can be direct, in the form of another carrier flying the exact non-stop route, or indirect, where a carrier serves the same two cities non-stop from an alternative airport in that city or via an itinerary requiring a connection at another airport.

Air carriers' cost structures are not uniform and there are numerous factors influencing cost structure. Carriers with lower costs may deliver lower fares to passengers, which could have a potential negative impact on the Company's revenues. In addition, future airline mergers, acquisitions or reorganizations pursuant to Chapter 11 of the United States Bankruptcy Code may enable airlines to improve their revenue and cost performance relative to peers and thus enhance their competitive position within the industry.

Decisions on domestic pricing are based on intense competitive pressure exerted on the Company by other U.S. airlines. In order to remain competitive and maintain passenger traffic levels, we often find it necessary to match competitors' discounted fares. Since we compete in a dynamic marketplace, attempts to generate additional revenue through increased fares oftentimes fail.

International Competition. Internationally, the Company competes not only with U.S. airlines, but also with foreign carriers. International competition has increased and may increase in the future as a result of airline mergers and acquisitions, joint ventures, alliances, restructurings, liberalization of aviation bilateral agreements and new or increased service by competitors. Competition on international routes is subject to varying degrees of governmental regulation. The Company's ability to compete successfully with non-U.S. carriers on international routes depends in part on its ability to generate traffic to and from the entire United States via its integrated domestic route network and its ability to overcome business and operational challenges across its network

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worldwide. Foreign carriers currently are prohibited by U.S. law from carrying local passengers between two points in the United States and the Company experiences comparable restrictions in foreign countries. In addition, in the absence of open skies and fifth freedom rights, U.S. carriers are constrained from carrying passengers to points beyond designated international gateway cities due to limitations in air service agreements and restrictions imposed unilaterally by foreign governments. To compensate partially for these structural limitations, U.S. and foreign carriers have entered into alliances, joint ventures and marketing arrangements that enable these carriers to exchange traffic between each other's flights and route networks. See *Alliances*, above, for further information.

Seasonality. The air travel business is subject to seasonal fluctuations. Historically, demand for air travel is higher in the second and third quarters, driving higher revenues, than in the first and fourth quarters, which are periods of lower travel demand.

Industry Regulation

Domestic Regulation

General. All carriers engaged in air transportation in the United States are subject to regulation by the DOT. Absent an exemption, no air carrier may provide air transportation of passengers or property without first being issued a DOT certificate of public convenience and necessity. The DOT also grants international route authority, approves international codeshare arrangements, and regulates methods of competition. The DOT regulates consumer protection and maintains jurisdiction over advertising, denied boarding compensation, tarmac delays, and baggage liability, and may add additional expensive regulatory burdens in the future.

Airlines are also regulated by the Federal Aviation Administration (the "FAA"), an agency within the DOT, primarily in the areas of flight safety, air carrier operations, and aircraft maintenance and airworthiness. The FAA issues air carrier operating certificates and aircraft airworthiness certificates, prescribes maintenance procedures, oversees airport operations, and regulates pilot and other employee training. From time to time, the FAA issues directives that require air carriers to inspect or modify aircraft and other equipment, potentially causing the Company to incur substantial, unplanned expenses. The airline industry is also subject to numerous other federal laws and regulations. The U.S. Department of Homeland Security ("DHS") has jurisdiction over virtually every aspect of civil aviation security. See *Legislation*, below. The Antitrust Division of the U.S. Department of Justice ("DOJ") has jurisdiction over certain airline competition matters. The U.S. Postal Service has authority over certain aspects of the transportation of mail. Labor relations in the airline industry are generally governed by the Railway Labor Act ("RLA"), a federal statute. The Company is also subject to investigation inquiries by the DOT, FAA, DOJ and other U.S. and international regulatory bodies.

Airport Access. Access to landing and take-off rights, or "slots," at several major U.S. airports and many foreign airports served by the Company are, or recently have been, subject to government regulation. Federally mandated domestic slot restrictions currently apply at Reagan National Airport in Washington D.C. ("Washington Reagan"), John F. Kennedy International Airport ("JFK"), LaGuardia Airport ("LaGuardia") and Newark Liberty. In addition, to address concerns about airport congestion, the FAA has designated certain airports, including Newark Liberty, JFK, and LaGuardia as "high density traffic airports" and has imposed operating restrictions at these three airports, which may include capacity reductions. Additional restrictions on airline routes and takeoff and landing slots may be proposed in the future that could affect the Company's rights of ownership and transfer.

Legislation. The airline industry is subject to legislative activity that may have an impact on operations and costs. In addition to significant federal, state and local taxes and fees that the Company is currently subject to, proposed taxes and fees are currently pending that may increase the Company's operating costs if imposed on the Company. Congress may pass legislation that could increase labor and operating costs. Recently, Congress has enacted two laws, the Airline Safety and Federal Aviation Extension Act of 2010 and the FAA Modernization and Reform Act of 2012, which have increased regulation and are likely to cause increased costs in the areas of

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airline safety, pilot training, and consumer protection. Climate change legislation is also likely to be a significant area of legislative and regulatory focus and could adversely impact the Company's costs. See *Environmental Regulation*, below.

In December 2009, the DOT issued the first of several rules intended to enhance airline passenger protections. The 2009 rule included regulations mandating that major air carriers, including United and Continental, adopt detailed contingency plans and implement procedures applicable to tarmac delays exceeding three hours for domestic flights and four hours for international flights, subject to exceptions for safety and security. In April 2011, the DOT issued a second set of consumer protection regulations. This second initiative imposed regulations requiring carriers to charge the same baggage fee throughout a passenger's entire itinerary (even if on multiple carriers) and expanded the scope of the tarmac delay rule to cover foreign carriers operating to and from the United States. Although the DOT delayed the enforcement date for its new baggage fee regulations until July 2012, it is now in force and could expose United to DOT enforcement action and civil penalties.

In December 2011, the FAA issued a final rule amending the existing flight, duty, and rest regulations applicable to U.S. air carriers operating under Part 121 of the Federal Aviation Regulations. The provisions under the 2011 final rule are likely to negatively impact the Company's operations and increase the Company's costs by mandating extensive changes to the way we schedule crews and deploy aircraft. Moreover, in December 2012, the FAA issued a draft policy statement proposing to cede authority over some areas of cabin crewmember workplace safety and health condition oversight to the Occupational Safety and Health Administration. If this change in policy is finalized, it would expose the Company to increased regulatory requirements in the aircraft cabin, with the potential for increased costs and adverse operational impacts.

Finally, aviation security continues to be the subject of frequent legislative and regulatory action, requiring changes to the Company's security processes, frequently increasing the cost of its security procedures, and adversely affecting its operations.

International Regulation

General. International air transportation is subject to extensive government regulation. In connection with the Company's international services, the Company is regulated by both the U.S. government and the governments of the foreign countries the Company serves. In addition, the availability of international routes to U.S. carriers is regulated by aviation agreements between the U.S. and foreign governments, and in some cases, fares and schedules require the approval of the DOT and/or the relevant foreign governments.

Legislation. Foreign countries are increasingly enacting passenger protection laws, rules and regulations that meet or exceed U.S. requirements. In cases where this activity exceeds U.S. requirements, additional burden and liability may be placed on the Company. The European Union ("EU") now requires compensation to passengers for canceled and delayed flights, in addition to denied boarding compensation. Similar foreign regulations require passenger compensation and subject the Company to enforcement penalties in addition to changes in operating procedures.

Airport Access. Historically, access to foreign markets has been tightly controlled through bilateral agreements between the U.S. and each foreign country involved. These agreements regulate the markets served, the number of carriers allowed to serve each market and the frequency of carriers' flights. Since the early 1990s, the U.S. has pursued a policy of "open skies" (meaning all U.S.-flag carriers have access to the destination), under which the U.S. government has negotiated a number of bilateral agreements allowing unrestricted access between U.S. and foreign markets. Currently, there are more than 100 open skies agreements in effect. However, many of the airports that the Company serves in Europe, Asia and Latin America maintain slot controls. A large number of these are restrictive due to congestion at these airports. London Heathrow International Airport, Frankfurt Rhein-Main Airport, Shanghai Pudong International Airport, Beijing Capital International Airport, Sao Paulo Guarulhos International Airport, Tokyo Narita International Airport and Haneda International Airport are among the most restrictive foreign airports due to capacity limitations. As an example, under the 2010 United States-Japan open skies agreement, only four slot pairs are available in Haneda to U.S. air carriers at this time, none of which is held by the Company.

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The Company's ability to serve some foreign markets and expand into certain others is limited by the absence of aviation agreements between the U.S. government and the relevant foreign governments. Shifts in U.S. or foreign government aviation policies may lead to the alteration or termination of air service agreements. Depending on the nature of any such change, the value of the Company's international route authorities and slot rights may be materially enhanced or diminished.

Environmental Regulation

General. The airline industry is subject to increasingly stringent federal, state, local and international environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, safe drinking water, aircraft noise, and the management of hazardous substances, oils and waste materials. Areas of either proposed regulations or implementation of new regulations include regulations surrounding the emission of greenhouse gases (discussed further below), State of California regulations regarding air emissions from ground support equipment, and a federal rule-making seeking to regulate airport fuel hydrant systems under the underground storage tank regulations.

Climate Change. There are certain laws and regulations relating to climate change that apply to the Company, including the EU Emissions Trading Scheme ("EU ETS") (which is subject to international dispute), environmental taxes for certain international flights (including the United Kingdom's Air Passenger Duty and Germany's departure ticket tax), limited greenhouse gas reporting requirements, and the State of California's cap and trade regulations (which impacts United's San Francisco maintenance center). In addition, there are land-based planning laws that could apply to airport expansion projects, requiring a review of greenhouse gas emissions, and could affect airlines in certain circumstances.

In 2009, the EU issued a directive to member states to include aviation in its greenhouse gas emissions trading scheme. The application of the EU ETS to aviation, including the requirement for foreign airlines to surrender carbon allowances for emissions occurring outside of the EU airspace, has been the subject of significant international dispute among countries, with more than forty non-EU countries having gone on record opposing the scheme.

On November 12, 2012, the EU announced a one-year stay of the requirements for international flights to the EU, which the EU attributed to recent progress by the International Civil Aviation Organization ("ICAO") towards a global regulatory program to regulate aviation greenhouse gas emissions. On November 27, 2012, the President of the United States signed the European Union Emissions Trading Scheme Prohibition Act of 2011, which encourages the DOT to seek an international solution through the ICAO, and if necessary, prohibit U.S. airlines from participation in the EU ETS and take other actions to hold the airlines harmless from the scheme.

The future of the EU ETS legislation as applied to international flights into Europe is uncertain but the Company will continue to monitor developments. The precise cost to the Company should the scheme apply to international flights in the future is difficult to calculate due to a number of variables, including the Company's future carbon emissions with respect to flights to and from the EU, the price of carbon credits, and whether the DOT will take action to prohibit U.S. airlines from participation in the scheme and hold U.S. airlines harmless from such scheme.

The EU ETS stay has increased international attention in its focus on the ICAO process with the intent to reach an international agreement that would apply to international aviation and prohibit the application of regional schemes. Without an international agreement, there could be other regulatory actions taken in the future by the U.S. government, state governments within the U.S., or foreign governments, to regulate the emission of greenhouse gases by the aviation industry, which could result in multiple schemes applying to the same emissions. The precise nature of any such requirements and their applicability to the Company are difficult to predict, but the financial impact to the Company and the aviation industry would likely be adverse and could be significant, including the potential for increased fuel costs, carbon taxes or fees, or a requirement to purchase carbon credits.

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The Company is taking various actions to reduce its carbon emissions through fleet renewal, aircraft retrofits, and actions that are establishing the foundation for the commercialization of aviation biofuels.

Other Environmental Matters. Some U.S. and foreign airports have established airport restrictions to limit noise, including restrictions on aircraft types to be used and limits on the number and scheduling of hourly or daily operations. In some instances, these restrictions have caused curtailments in services or increased operating costs, and could limit our ability to expand our operations at the affected airports.

The airline industry is also subject to other environmental laws and regulations that require the Company to remediate soil or groundwater to meet certain objectives and which may require significant expenditures. Under the federal Comprehensive Environmental Response, Compensation and Liability Act, commonly known as “Superfund,” and similar environmental cleanup laws, generators of waste materials and owners or operators of facilities can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. The Company also conducts voluntary environmental assessment and remediation actions. Environmental cleanup obligations can arise from, among other circumstances, the operation of aircraft fueling facilities and primarily involve airport sites. Future costs associated with these activities are currently not expected to have a material adverse effect on the Company’s business.

Employees

As of December 31, 2012, UAL, including its subsidiaries, had approximately 88,000 employees. As of December 31, 2012, United had approximately 47,000 employees and Continental had approximately 41,000 employees. Approximately 80% of the combined Company’s employees were represented by various U.S. labor organizations as of December 31, 2012.

Collective bargaining agreements between the Company and its represented employee groups are negotiated under the RLA, which governs labor relations in the air transportation industry. Such agreements typically do not contain an expiration date and instead specify an amendable date, upon which the contract is considered “open for amendment.” The process for integrating the represented employee groups of United and Continental is governed by a combination of the RLA, the McCaskill-Bond Amendment, and where applicable, the existing provisions of United’s and Continental’s collective bargaining agreements and union policies. Under the RLA, the National Mediation Board (“NMB”) has exclusive authority to resolve union representation disputes arising out of airline mergers. Under the McCaskill-Bond Amendment, “fair and equitable” integration of seniority lists is required, including arbitration where the interested parties cannot reach a consensual agreement, consistent with the process set forth in the Allegheny-Mohawk Labor Protective Provisions or internal union merger policies, if applicable. Pending operational integration, the Company will apply the terms of the existing collective bargaining agreements unless other terms have been negotiated.

During 2012, various labor agreements were reached between union representatives and the Company. On December 15, 2012, the pilots for both United and Continental ratified a joint collective bargaining agreement with the Company. In February 2013, the Company reached tentative agreements on new joint collective bargaining agreements with the International Association of Machinists (“IAM”) for the fleet service, passenger service and storekeeper workgroups at the United, Continental, Continental Micronesia and Mileage Plus subsidiaries. The tentative agreements with the IAM cover more than 28,000 employees and are subject to ratification by the IAM members. We are also currently in the process of negotiating joint collective bargaining agreements with all of our other major represented groups. Several other collective bargaining agreements were reached with unions at each of our subsidiaries during 2012, including with the United flight attendants in February 2012, the Continental Micronesia aircraft technicians in May 2012, the Continental pilot ground instructors in June 2012 and the Continental Micronesia flight attendants in August 2012.

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The following table reflects the Company's represented employee groups, number of employees per represented group, union representation for each of United's and Continental's employee groups where applicable, amendable date for each employee group's collective bargaining agreement and whether the group is engaged in negotiations for a joint collective bargaining agreement:

Employee Group	Subsidiary	Number of Employees	Union	Contract Open for Amendment	Common Union Representation Determined	Joint Negotiations in Progress
Flight Attendants						
	Continental	9,547	Association of Flight Attendants	December 2014	X	X
	Continental Micronesia	239		December 2014		
	United	11,574		February 2016		
	Total	21,360				
Passenger Service						
	Continental	7,179	Int'l Association of Machinists and Aerospace Workers	N/A	X	Tentative Agreement Reached February 13, 2013
	Continental Micronesia	199		November 2011		
	United	7,894		January 2010		
	Total	15,272				
Fleet Service						
	Continental	6,540	Int'l Association of Machinists and Aerospace Workers	December 2012	X	Tentative Agreement Reached February 13, 2013
	Continental Micronesia	180		November 2011		
	United	6,613		January 2010		
	Total	13,333				
Pilots						
	Continental	4,641	Air Line Pilots Association	February 2017	X	Completed
	United	5,546		February 2017		
	Total	10,187				
Technicians and Related						
	Continental	3,666	Int'l Brotherhood of Teamsters	December 2012	X	X
	Continental Micronesia	98		December 2012		
	United	4,884		June 2013		
	Total	8,648				
Stock Clerks						
	Continental	229	Int'l Association of Machinists and Aerospace Workers	N/A	X	Tentative Agreement Reached February 13, 2013
	United	645		January 2010		
	Total	874				
Dispatchers						
	Continental	128	Transport Workers Union Professional Airline Flight Control Association	December 2013		X
	United	182		January 2010		
	Total	310				
Fleet Tech Instructors						
Food Service Employees						
Ground Instructors						
Maintenance Instructors						
Security Officers						
	Continental	22	Int'l Association of Machinists and Aerospace Workers	April 2014	X	X
	United	216		January 2010		
	Total	238				
Flight Simulator Technicians						
	Continental	39	Transport Workers Union	December 2012		Election in Progress
	United	56		Int'l Brotherhood of Teamsters		
	Total	95				

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The Company cannot predict the outcome of negotiations with its unionized employee groups, although significant increases in the pay and benefits resulting from new collective bargaining agreements would have an adverse financial impact on the Company.

ITEM 1A. RISK FACTORS.

The following risk factors should be read carefully when evaluating the Company's business and the forward-looking statements contained in this report and other statements the Company or its representatives make from time to time. Any of the following risks could materially and adversely affect the Company's business, operating results, financial condition and the actual outcome of matters as to which forward-looking statements are made in this report.

The Merger may present certain material risks to the Company's business and operations.

The Merger, described in Item 1, Business, may present certain risks to the Company's business and operations including, among other things, risks that:

- we may be unable to successfully integrate the businesses and workforces of United and Continental;
- we may be unable to successfully manage the expanded business with respect to monitoring new operations and associated increased costs and complexity;
- we may be unable to avoid potential liabilities and unforeseen increased expenses or delays associated with the Merger and integration, including in connection with any legal merger of United Air Lines, Inc. and Continental Airlines, Inc. into a single corporation;
- we may be unable to successfully manage the complex integration of systems, technology, aircraft fleets, networks and other assets of United and Continental in a manner that minimizes any adverse impact on the Company and the Company's customers, vendors, suppliers, employees and other constituencies; and
- we may experience disruption of, or inconsistencies in, each of United's and Continental's standards, controls, reports on operations, procedures, policies and services.

Accordingly, there can be no assurance that the Merger will result in the realization of the full benefits of synergies, innovation and operational efficiencies that we currently expect, that these benefits will be achieved within the anticipated timeframe or that we will be able to fully and accurately measure any such synergies.

Continued periods of historically high fuel prices or significant disruptions in the supply of aircraft fuel could have a material adverse impact on the Company's operating results, financial position and liquidity.

Aircraft fuel has been the Company's single largest and most volatile operating expense for the last several years. The availability and price of aircraft fuel significantly affect the Company's operations, results of operations, financial position and liquidity. While the Company has been able to obtain adequate supplies of fuel under various supply contracts and also stores fuel close to major hub locations to ensure supply continuity in the short term, the Company cannot predict the continued future availability or price of aircraft fuel.

Continued volatility in fuel prices may negatively impact the Company's liquidity in the future. Aircraft fuel prices can fluctuate based on a multitude of factors including market expectations of supply and demand balance, inventory levels, geopolitical events, economic growth expectations, fiscal/monetary policies and financial investment flows. The Company may not be able to increase its fares or other fees if fuel prices rise in the future and any such fare or fee increases may not be sustainable in the highly competitive airline industry. In addition, any increases in fares or other fees may not sufficiently offset the full impact of such rises in fuel prices and may also reduce the general demand for air travel.

To protect against increases in the prices of aircraft fuel, the Company routinely hedges a portion of its future fuel requirements. However, the Company's hedging program may not be successful in controlling fuel costs, and price protection provided may be limited due to market conditions and other factors. To the extent that the Company uses hedge contracts that have the potential to create an obligation to pay upon settlement if prices decline significantly, including swaps or sold put options as

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part of a collar, such hedge contracts may limit the Company's ability to benefit from lower fuel costs in the future. If fuel prices decline significantly from the levels existing at the time we enter into a hedge contract, we may be required to post collateral (margin) with our hedge counterparties beyond certain thresholds. Also, lower fuel prices may result in increased industry capacity and lower fares in general. There can be no assurance that the Company's hedging arrangements will provide any particular level of protection against rises in fuel prices or that its counterparties will be able to perform under the Company's hedging arrangements. Additionally, deterioration in the Company's financial condition could negatively affect its ability to enter into new hedge contracts in the future and may potentially require the Company to post increased amounts of collateral under its fuel hedging agreements.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and regulations promulgated by the Commodity Futures Trading Commission ("CFTC") introduce new requirements for centralized clearing for over-the-counter derivatives. This may include the Company's fuel hedge contracts. The UAL Board of Directors has approved the Company's election of the CFTC's end-user exception, which permits the Company as a non-financial end user of derivatives to hedge commercial risk and be exempt from the CFTC mandatory clearing requirements. However, depending on the final regulations adopted by the CFTC and other regulators, several of the Company's hedge counterparties may be subject to requirements which may raise their costs. Those increased costs may in turn be passed to the Company, resulting in increased transaction costs to execute hedge contracts and lower credit thresholds to post collateral (margin).

See Note 13 to the financial statements included in Item 8 of this report for additional information on the Company's hedging programs.

Economic and industry conditions constantly change and unfavorable global economic conditions may have a material adverse effect on the Company's business and results of operations.

The Company's business and results of operations are significantly impacted by general economic and industry conditions. The airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and global economies. Robust demand for our air transportation services depends largely on favorable economic conditions, including the strength of the domestic and foreign economies, low unemployment levels, strong consumer confidence levels and the availability of consumer and business credit.

Air transportation is often a discretionary purchase that leisure travelers may limit or eliminate during difficult economic times. In addition, during periods of unfavorable economic conditions, business travelers usually reduce the volume of their travel, either due to cost-saving initiatives or as a result of decreased business activity requiring travel. During such periods, the Company's business and results of operations may be adversely affected due to significant declines in industry passenger demand, particularly with respect to the Company's business and premium cabin travelers, and a reduction in fare levels.

Stagnant or worsening global economic conditions either in the United States or in other geographic regions, and any future volatility in U.S. and global financial and credit markets may have a material adverse effect on the Company's revenues, results of operations and liquidity. If such economic conditions were to disrupt capital markets in the future, the Company may be unable to obtain financing on acceptable terms (or at all) to refinance certain maturing debt and to satisfy future capital commitments.

The Company is subject to economic and political instability and other risks of doing business globally.

The Company is a global business with operations outside of the United States from which it derives approximately 40% of its operating revenues, as measured and reported to the DOT. The Company's operations in Asia, Europe, Latin America, Africa and the Middle East are a vital part of its worldwide airline network. Volatile economic, political and market conditions in these international regions may have a negative impact on the Company's operating results and its ability to achieve its business objectives. In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies, and the imposition of exchange controls or other currency restrictions, may have a material adverse impact upon the Company's liquidity, revenues, costs and operating results.

The Company may not be able to maintain adequate liquidity.

The Company has a significant amount of financial leverage from fixed obligations, including aircraft lease and debt financings, leases of airport property and other facilities, and other material cash obligations. In addition, the Company has substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft and related spare engines.

Although the Company's cash flows from operations and its available capital, including the proceeds from financing transactions, have been sufficient to meet these obligations and commitments to date, the Company's future liquidity could be negatively impacted by the risk factors discussed in this Item 1A, including, but not limited to, substantial volatility in the price of fuel, adverse economic conditions, disruptions in the global capital markets and catastrophic external events.

If the Company's liquidity is constrained due to the various risk factors noted in this Item 1A or otherwise, the Company's failure to comply with certain financial covenants under its financing and credit card processing agreements, timely pay its debts, or comply with other material provisions of its contractual obligations could result in a variety of adverse consequences, including the acceleration of the Company's indebtedness, increase of required reserves under credit card processing agreements, the withholding of credit card sale proceeds by its credit card service providers and the exercise of other remedies by its creditors and equipment lessors that could result in a material adverse effect on the Company's financial position and results of operations. Furthermore, constrained liquidity may limit the Company's ability to withstand competitive pressures and limit its flexibility in responding to changing business and economic conditions, including increased competition and demand for new services, placing the Company at a disadvantage when compared to its competitors that have less debt, and making the Company more vulnerable than its competitors who have less debt to a downturn in the business, industry or the economy in general.

The Company's substantial level of indebtedness and non-investment grade credit rating, as well as market conditions and the availability of assets as collateral for loans or other indebtedness, may make it difficult for the Company to raise additional capital to meet its liquidity needs on acceptable terms, or at all.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for further information regarding the Company's liquidity.

Certain of the Company's financing agreements have covenants that impose operating and financial restrictions on the Company and its subsidiaries.

Certain of the Company's credit facilities and indentures governing its secured notes impose certain operating and financial covenants on the Company, on United and its subsidiaries, or on Continental and its subsidiaries. Such covenants require the Company, United or Continental, as applicable, to maintain, depending on the particular agreement, minimum fixed charge coverage ratios, minimum liquidity and/or minimum collateral coverage ratios. A decline in the value of collateral could result in a situation where the Company, United or Continental, as applicable, may not be able to maintain the required collateral coverage ratio. In addition, the credit facilities and indentures contain other negative covenants customary for such financings.

The Company's ability to comply with these covenants may be affected by events beyond its control, including the overall industry revenue environment and the level of fuel costs, and the Company may be required to seek waivers or amendments of covenants, repay all or a portion of the debt or find alternative sources of financing. The Company cannot provide assurance that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to the Company. If the Company fails to comply with these covenants and is unable to obtain a waiver or amendment, an event of default would result which would allow the lenders, among other things, to declare outstanding amounts due and payable. The Company cannot provide assurance that it would have sufficient liquidity to repay or refinance such amounts if they were to become due. In addition, an event of default or declaration of acceleration under any of the credit facilities or indentures could also result in an event of default under certain of the Company's other financing agreements due to cross-default and cross-acceleration provisions.

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Extensive government regulation could increase the Company's operating costs and restrict its ability to conduct its business.

Airlines are subject to extensive regulatory and legal oversight. Compliance with U.S. and international regulations imposes significant costs and may have adverse effects on the Company. Laws, regulations, taxes and airport rates and charges, both domestically and internationally, have been proposed from time to time that could significantly increase the cost of airline operations or reduce airline revenue. The Company cannot provide any assurance that current laws and regulations, or laws or regulations enacted in the future, will not adversely affect its financial condition or results of operations.

Each of United and Continental provides air transportation under certificates of public convenience and necessity issued by the DOT. If the DOT altered, amended, modified, suspended or revoked these certificates, it could have a material adverse effect on the Company's business. The DOT is also responsible for promulgating consumer protection and other regulations that may impose significant compliance costs on the Company. The FAA regulates the safety of United's and Continental's operations. United and Continental are operators pursuant to a single air carrier operating certificate issued by the FAA. From time to time, the FAA also issues orders, airworthiness directives and other regulations relating to the maintenance and operation of aircraft that require material expenditures or operational restrictions by the Company. These FAA orders and directives could include the temporary grounding of an entire aircraft type if the FAA identifies design, manufacturing, maintenance or other issues requiring immediate corrective action. For example, on January 11, 2013, the FAA announced a review of the Boeing 787 aircraft's critical systems and in-service issues and, on January 16, 2013, the FAA issued an emergency airworthiness directive that requires U.S. Boeing 787 operators, including the Company, to temporarily cease operations of such aircraft. If the directive were to continue for an extended period of time, it could adversely affect the Company's business and results of operations. FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement and other environmental concerns, aircraft operation and safety and increased inspections and maintenance procedures to be conducted on older aircraft. These FAA directives or requirements could have a material adverse effect on the Company.

In addition, the Company's operations may be adversely impacted due to the existing antiquated air traffic control ("ATC") system utilized by the U.S. government. During peak travel periods in certain markets, the current ATC system's inability to handle existing travel demand has led to short-term capacity constraints imposed by government agencies and resulted in delays and disruptions of air traffic. In addition, the current system will not be able to effectively handle projected future air traffic growth. Imposition of these ATC constraints on a long-term basis may have a material adverse effect on our results of operations. Failure to update the ATC system in a timely manner, and the substantial funding requirements of a modernized ATC system that may be imposed on air carriers may have an adverse impact on the Company's financial condition or results of operations.

The airline industry is subject to extensive federal, state and local taxes and fees that increase the cost of the Company's operations. In addition to taxes and fees that the Company is currently subject to, proposed taxes and fees are currently pending and if imposed, would increase the Company's operating expenses.

Access to landing and take-off rights, or "slots," at several major U.S. airports and many foreign airports served by the Company are, or recently have been, subject to government regulation. Certain of the Company's major hubs are among increasingly congested airports in the United States and have been or could be the subject of regulatory action that might limit the number of flights and/or increase costs of operations at certain times or throughout the day. The FAA may limit the Company's airport access by limiting the number of departure and arrival slots at high density traffic airports, which could affect the Company's ownership and transfer rights, and local airport authorities may have the ability to control access to certain facilities or the cost of access to its facilities, which could have an adverse effect on the Company's business. The FAA historically has taken actions with respect to airlines' slot holdings that airlines have challenged; if the FAA were to take actions to adversely affect the Company's slot holdings, the Company could incur substantial costs to preserve its slots. Further, the Company's operating costs at airports at which it operates, including the Company's major hubs, may increase

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significantly because of capital improvements at such airports that the Company may be required to fund, directly or indirectly. In some circumstances, such costs could be imposed by the relevant airport authority without the Company's approval and may have a material adverse effect on the Company's financial condition.

The ability of carriers to operate flights on international routes between airports in the U.S. and other countries may be subject to change. Applicable arrangements between the United States and foreign governments may be amended from time to time, government policies with respect to airport operations may be revised, and the availability of appropriate slots or facilities may change. The Company currently operates a number of flights on international routes under government arrangements, regulations or policies that designate the number of carriers permitted to operate on such routes, the capacity of the carriers providing services on such routes, the airports at which carriers may operate international flights, or the number of carriers allowed access to particular airports. Any further limitations, additions or modifications to such arrangements, regulations or policies could have a material adverse effect on the Company's financial position and results of operations. Additionally, if an open skies policy were to be adopted for any of the Company's international routes, such an event could have a material adverse impact on the Company's financial position and results of operations and could result in the impairment of material amounts of related tangible and intangible assets. In addition, competition from revenue-sharing joint ventures and other alliance arrangements by and among other airlines could impair the value of the Company's business and assets on the open skies routes. The Company's plans to enter into or expand U.S. antitrust immunized alliances and joint ventures on various international routes are subject to receipt of approvals from applicable U.S. federal authorities and obtaining other applicable foreign government clearances or satisfying the necessary applicable regulatory requirements. There can be no assurance that such approvals and clearances will be granted or will continue in effect upon further regulatory review or that changes in regulatory requirements or standards can be satisfied.

Many aspects of the Company's operations are also subject to increasingly stringent federal, state, local and international laws protecting the environment. Future environmental regulatory developments, such as climate change regulations in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. There are certain climate change laws and regulations that have already gone into effect and that apply to the Company, including the EU ETS (which is subject to international dispute), the State of California's cap and trade regulations, environmental taxes for certain international flights, limited greenhouse gas reporting requirements and land-use planning laws which could apply to airports and could affect airlines in certain circumstances. In addition, there is the potential for additional regulatory actions in regard to the emission of greenhouse gases by the aviation industry. The precise nature of future requirements and their applicability to the Company are difficult to predict, but the financial impact to the Company and the aviation industry would likely be adverse and could be significant.

See Item 1, Business - Industry Regulation above, for further information on government regulation impacting the Company.

The Company relies heavily on technology and automated systems to operate its business and any significant failure or disruption of the technology or these systems could materially harm its business.

The Company depends on automated systems and technology to operate its business, including computerized airline reservation systems, flight operations systems, telecommunication systems and commercial websites, including www.united.com. United's website and other automated systems must be able to accommodate a high volume of traffic and deliver important flight and schedule information, as well as process critical financial transactions. These systems could suffer substantial or repeated disruptions due to events including natural disasters, power failures, terrorist attacks, equipment or software failures, computer viruses or cyber security attacks. Substantial or repeated website, reservation systems or telecommunication systems failures or disruptions, including failures or disruptions related to the Company's integration of technology systems, could reduce the attractiveness of the Company's services versus those of its competitors, materially impair its ability to market its services and operate its flights, result in the unauthorized release of confidential or otherwise protected information, and result in increased costs, lost revenue and the loss or compromise of important data.

The Company's business relies extensively on third-party service providers. Failure of these parties to perform as expected, or interruptions in the Company's relationships with these providers or their provision of services to the Company, could have an adverse effect on the Company's financial position and results of operations.

The Company has engaged an increasing number of third-party service providers to perform a large number of functions that are integral to its business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of information technology infrastructure and services, provision of aircraft maintenance and repairs, provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. The Company does not directly control these third-party service providers, although it does enter into agreements with many of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments to the Company or agreements with such providers may be terminated. For example, flight reservations booked by customers and/or travel agencies via third-party GDSs may be adversely affected by disruptions in the business relationships between the Company and GDS operators. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the carriers' flight information to be limited or unavailable for display, significantly increase fees for both the Company and GDS users, and impair the Company's relationships with its customers and travel agencies. The failure of any of the Company's third-party service providers to adequately perform their service obligations, or other interruptions of services, may reduce the Company's revenues and increase its expenses or prevent the Company from operating its flights and providing other services to its customers. In addition, the Company's business and financial performance could be materially harmed if its customers believe that its services are unreliable or unsatisfactory.

UAL's obligations for funding Continental's defined benefit pension plans are affected by factors beyond UAL's control.

Continental has defined benefit pension plans covering substantially all of its U.S. employees, other than the employees of its Chelsea Food Services division and Continental Micronesia, Inc. The timing and amount of UAL's funding requirements under Continental's plans depend upon a number of factors, including labor negotiations with the applicable employee groups and changes to pension plan benefits as well as factors outside of UAL's control, such as the number of applicable retiring employees, asset returns, interest rates and changes in pension laws. Changes to these and other factors that can significantly increase UAL's funding requirements, such as its liquidity requirements, could have a material adverse effect on UAL's financial condition.

Union disputes, employee strikes or slowdowns, and other labor-related disruptions, as well as the integration of the United and Continental workforces in connection with the Merger, present the potential for a delay in achieving expected Merger synergies, could adversely affect the Company's operations, and could result in increased costs that impair its financial performance.

United and Continental are both highly unionized companies. As of December 31, 2012, the Company and its subsidiaries had approximately 88,000 active employees, of whom approximately 80% were represented by various U.S. labor organizations.

The successful integration of United and Continental and achievement of the anticipated benefits of the combined company depend in part on integrating United and Continental employee groups and maintaining productive employee relations. In order to fully integrate the pre-Merger represented employee groups, the Company must negotiate a joint collective bargaining agreement covering each combined group. The process for integrating the labor groups of United and Continental is governed by a combination of the RLA, the McCaskill-Bond Amendment, and where applicable, the existing provisions of each company's collective bargaining agreements and union policy. A delay in or failure to integrate the United and Continental employee groups presents the potential for delays in achieving expected Merger synergies, increased operating costs and labor disputes that could adversely affect our operations.

During 2012, various labor agreements were reached between union representatives and the Company. On December 15, 2012, the pilots for both United and Continental ratified a joint collective bargaining agreement

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with the Company. In February 2013, the Company reached tentative agreements on new joint collective bargaining agreements with the IAM for the fleet service, passenger service and storekeeper workgroups at the United, Continental, Continental Micronesia and Mileage Plus subsidiaries. The tentative agreements with the IAM cover more than 28,000 employees and are subject to ratification by the IAM members. We are also currently in the process of negotiating joint collective bargaining agreements with all of our other major represented groups. Several other collective bargaining agreements were reached with unions at each of our subsidiaries during 2012, including with the United flight attendants in February 2012, the Continental Micronesia aircraft technicians in May 2012, the Continental pilot ground instructors in June 2012 and the Continental Micronesia flight attendants in August 2012.

The Company can provide no assurance that a successful or timely resolution of labor negotiations for all amendable collective bargaining agreements will be achieved. There is a risk that unions or individual employees might pursue judicial or arbitral claims arising out of changes implemented as a result of the Merger. Employee dissatisfaction with the results of the seniority integration may lead to litigation that in some cases can delay implementation of the integrated seniority list. There is also a possibility that employees or unions could engage in job actions such as slow-downs, work-to-rule campaigns, sick-outs or other actions designed to disrupt United's and Continental's normal operations, in an attempt to pressure the companies in collective bargaining negotiations. Although the RLA makes such actions unlawful until the parties have been lawfully released to self-help, and United and Continental can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined. In addition, achieving joint collective bargaining agreements, including the pilot agreement, with our represented employee groups is likely to increase our labor costs, which increase could be material.

The airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on the Company.

The U.S. airline industry is characterized by substantial price competition. In recent years, the market share held by low-cost carriers has increased significantly and is expected to continue to increase. The increased market presence of low-cost carriers, which engage in substantial price discounting, has diminished the ability of large network carriers to achieve sustained profitability on domestic and international routes.

Airlines also compete for market share by increasing or decreasing their capacity, including route systems and the number of markets served. Several of the Company's domestic and international competitors have increased their international capacity by including service to some destinations that the Company currently serves, causing overlap in destinations served and therefore increasing competition for those destinations. In addition, the Company and certain of its competitors have implemented significant capacity reductions in recent years in response to high and volatile fuel prices and stagnant global economic growth. Further, certain of the Company's competitors may not reduce capacity or may increase capacity, impacting the expected benefit to the Company from capacity reductions. This increased competition in both domestic and international markets may have a material adverse effect on the Company's results of operations, financial condition or liquidity.

The airline industry may undergo further bankruptcy restructuring, industry consolidation, or the creation or modification of alliances or joint ventures, any of which could have a material adverse effect on the Company.

The Company faces and may continue to face strong competition from other carriers due to bankruptcy restructuring, industry consolidation, and the creation and modification of alliances and joint ventures. A number of carriers have filed for bankruptcy protection in recent years and other domestic and international carriers could restructure in bankruptcy or threaten to do so in the future to reduce their costs. Most recently, AMR Corporation, the parent company of American Airlines, Inc., filed for bankruptcy protection in November 2011 and is currently under going a restructuring under Chapter 11 of the U.S. Bankruptcy Code. Carriers operating under bankruptcy protection can operate in a manner that could be adverse to the Company and could emerge from bankruptcy as more vigorous competitors.

Both the U.S. and international airline industries have experienced consolidation through a number of mergers and acquisitions. On February 14, 2013, US Airways announced an agreement to merge with AMR Corporation

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and its intent to exit Star Alliance as a result of such merger. The Company is also facing stronger competition from expanded airline alliances and joint ventures. Carriers may improve their competitive positions through airline alliances, slot swaps, and/or joint ventures. Certain airline joint ventures further competition by allowing airlines to coordinate routes, pool revenues and costs, and enjoy other mutual benefits, achieving many of the benefits of consolidation. "Open skies" agreements, including the agreements between the United States and the European Union and between the United States and Japan, may also give rise to additional consolidation or better integration opportunities among international carriers.

There is ongoing speculation that further airline consolidations or reorganizations could occur in the future. The Company routinely engages in analysis and discussions regarding its own strategic position, including alliances, asset acquisitions and divestitures and may have future discussions with other airlines regarding strategic activities. If other airlines participate in such activities, those airlines may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of the Company and potentially impairing the Company's ability to realize expected benefits from its own strategic relationships.

Increases in insurance costs or reductions in insurance coverage may materially and adversely impact the Company's results of operations and financial condition.

Following the terrorist attacks on September 11, 2001, the Company's insurance costs increased significantly and the availability of third-party war risk (terrorism) insurance decreased significantly. The Company has obtained third-party war risk (terrorism) insurance through a special program administered by the FAA. Should the government discontinue this coverage, obtaining comparable coverage from commercial underwriters could result in substantially higher premiums and more restrictive terms, if such coverage is available at all. If the Company is unable to obtain adequate third-party war risk (terrorism) insurance, its business could be materially and adversely affected.

If any of the Company's aircraft were to be involved in an accident or if the Company's property or operations were to be affected by a significant natural catastrophe or other event, the Company could be exposed to significant liability or loss. If the Company is unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, its results of operations and financial condition could be materially and adversely affected.

The Company could experience adverse publicity, harm to its brand, reduced travel demand and potential tort liability as a result of an accident, catastrophe, or incident involving its aircraft, the aircraft of its regional carriers or the aircraft of its codeshare partners, which may result in a material adverse effect on the Company's results of operations or financial position.

An accident, catastrophe, or incident involving an aircraft that the Company operates, or an aircraft that is operated by a codeshare partner or one of the Company's regional carriers, could have a material adverse effect on the Company if such accident, catastrophe, or incident created a public perception that the Company's operations, or the operations of its codeshare partners or regional carriers, are not safe or reliable, or less safe or reliable than other airlines. Such public perception could in turn result in adverse publicity for the Company, cause harm to the Company's brand and reduce travel demand on the Company's flights, or the flights of its codeshare partners or regional carriers.

In addition, any such accident, catastrophe, or incident could expose the Company to significant tort liability. Although the Company currently maintains liability insurance in amounts and of the type the Company believes to be consistent with industry practice to cover damages arising from any such accident or catastrophe, and the Company's codeshare partners and regional carriers carry similar insurance and generally indemnify the Company for their operations, if the Company's liability exceeds the applicable policy limits or the ability of another carrier to indemnify it, the Company could incur substantial losses from an accident, catastrophe or incident which may result in a material adverse effect on the Company's results of operations or financial position.

The Company's results of operations fluctuate due to seasonality and other factors associated with the airline industry.

Due to greater demand for air travel during the spring and summer months, revenues in the airline industry in the second and third quarters of the year are generally stronger than revenues in the first and fourth quarters of the year, which are periods of lower travel demand. The Company's results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal including, among others, the imposition of excise and similar taxes, extreme or severe weather, air traffic control congestion, geological events, natural disasters, changes in the competitive environment due to industry consolidation, general economic conditions and other factors. As a result, the Company's quarterly operating results are not necessarily indicative of operating results for an entire year and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results.

Terrorist attacks or international hostilities, or the fear of terrorist attacks or hostilities, even if not made directly on the airline industry, could negatively affect the Company and the airline industry.

The terrorist attacks on September 11, 2001 involving commercial aircraft severely and adversely impacted each of United's and Continental's financial condition and results of operations, as well as the prospects for the airline industry. Among the effects experienced from the September 11, 2001 terrorist attacks were substantial flight disruption costs caused by the FAA-imposed temporary grounding of the U.S. airline industry's fleet, significantly increased security costs and associated passenger inconvenience, increased insurance costs, substantially higher ticket refunds and significantly decreased traffic and passenger revenue.

Additional terrorist attacks, even if not made directly on the airline industry, or the fear of or the precautions taken in anticipation of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights) could materially and adversely affect the Company and the airline industry. Wars and other international hostilities could also have a material adverse impact on the Company's financial condition, liquidity and results of operations. The Company's financial resources may not be sufficient to absorb the adverse effects of any future terrorist attacks or other international hostilities.

An outbreak of a disease or similar public health threat could have a material adverse impact on the Company's business, financial position and results of operations.

An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company may never realize the full value of its intangible assets or its long-lived assets causing it to record impairments that may negatively affect its financial position and results of operations.

In accordance with applicable accounting standards, the Company is required to test its indefinite-lived intangible assets for impairment on an annual basis on October 1 of each year, or more frequently if conditions indicate that an impairment may have occurred. In addition, the Company is required to test certain of its other assets for impairment if conditions indicate that an impairment may have occurred.

The Company may be required to recognize impairments in the future due to, among other factors, extreme fuel price volatility, tight credit markets, a decline in the fair value of certain tangible or intangible assets, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. The Company can provide no assurance that a material impairment charge of tangible or intangible assets will not occur in a future period. The value of our aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by the Company or other carriers. An impairment charge could have a material adverse effect on the Company's financial position and results of operations.

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The Company's ability to use its net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be significantly limited due to various circumstances, including certain possible future transactions involving the sale or issuance of UAL common stock, or if taxable income does not reach sufficient levels.

As of December 31, 2012, UAL reported consolidated federal net operating loss ("NOL") carryforwards of approximately \$10 billion.

The Company's ability to use its NOL carryforwards may be limited if it experiences an "ownership change" as defined in Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended. An ownership change generally occurs if certain stockholders increase their aggregate percentage ownership of a corporation's stock by more than 50 percentage points over their lowest percentage ownership at any time during the testing period, which is generally the three-year period preceding any potential ownership change.

There is no assurance that the Company will not experience a future ownership change under Section 382 that may significantly limit or possibly eliminate its ability to use its NOL carryforwards. Potential future transactions involving the sale or issuance of UAL common stock, including the exercise of conversion options under the terms of the Company's convertible debt, repurchase of such debt with UAL common stock, issuance of UAL common stock for cash and the acquisition or disposition of such stock by a stockholder owning 5% or more of UAL common stock, or a combination of such transactions, may increase the possibility that the Company will experience a future ownership change under Section 382.

Under Section 382, a future ownership change would subject the Company to additional annual limitations that apply to the amount of pre-ownership change NOLs that may be used to offset post-ownership change taxable income. This limitation is generally determined by multiplying the value of a corporation's stock immediately before the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may, subject to certain limits, be carried over to later years, and the limitation may under certain circumstances be increased by built-in gains in the assets held by such corporation at the time of the ownership change. This limitation could cause the Company's U.S. federal income taxes to be greater, or to be paid earlier, than they otherwise would be, and could cause all or a portion of the Company's NOL carryforwards to expire unused. Similar rules and limitations may apply for state income tax purposes. The Company's ability to use its NOL carryforwards will also depend on the amount of taxable income it generates in future periods. Its NOL carryforwards may expire before the Company can generate sufficient taxable income to use them in full.

UAL's amended and restated certificate of incorporation limits certain transfers of its stock which could have an effect on the market price of UAL common stock.

To reduce the risk of a potential adverse effect on the Company's ability to use its NOL carryforwards for federal income tax purposes, UAL's amended and restated certificate of incorporation contains a 5% ownership limitation. This limitation generally remains effective until February 1, 2014, or until such later date as may be approved by the UAL Board of Directors (the "Board of Directors") in its sole discretion. The limitation prohibits (i) an acquisition by a single stockholder of shares that results in that stockholder owning 5% or more of UAL common stock and (ii) any acquisition or disposition of common stock by a stockholder that already owns 5% or more of UAL common stock, unless prior written approval is granted by the Board of Directors.

Any transfer of common stock in violation of these restrictions will be void and will be treated as if such transfer never occurred. This provision of UAL's amended and restated certificate of incorporation may impair or prevent a sale of common stock by a stockholder and adversely affect the price at which a stockholder can sell UAL common stock. In addition, this limitation may have the effect of delaying or preventing a change in control of the Company, creating a perception that a change in control cannot occur or otherwise discouraging takeover attempts that some stockholders may consider beneficial, which could also adversely affect the market price of the UAL common stock. The Company cannot predict the effect that this provision in UAL's amended and restated certificate of incorporation may have on the market price of the UAL common stock. For additional information regarding the 5% ownership limitation, please refer to UAL's amended and restated certificate of incorporation available on the Company's website.

Certain provisions of UAL's Governance Documents could discourage or delay changes of control or changes to the Board of Directors.

Certain provisions of UAL's amended and restated certificate of incorporation and amended and restated bylaws (together, the "Governance Documents") may make it difficult for stockholders to change the composition of the Board of Directors and may discourage takeover attempts that some of its stockholders may consider beneficial.

Certain provisions of the Governance Documents may have the effect of delaying or preventing changes in control if the Board of Directors determines that such changes in control are not in the best interests of UAL and its stockholders. These provisions of the Governance Documents are not intended to prevent a takeover, but are intended to protect and maximize the value of UAL's stockholders' interests. While these provisions have the effect of encouraging persons seeking to acquire control of UAL to negotiate with the Board of Directors, they could enable the Board of Directors to prevent a transaction that some, or a majority, of its stockholders might believe to be in their best interests or, they could prevent or discourage attempts to remove and replace incumbent directors.

The issuance of additional shares of UAL's capital stock, including the issuance of common stock upon conversion of convertible notes and upon a noteholder's exercise of its option to require UAL to repurchase convertible notes, could cause dilution to the interests of its existing stockholders.

UAL's amended and restated certificate of incorporation authorizes up to one billion shares of common stock. In certain circumstances, UAL can issue shares of common stock without stockholder approval. In addition, the Board of Directors is authorized to issue up to 250 million shares of preferred stock, without par value, without any action on the part of UAL's stockholders. The Board of Directors also has the power, without stockholder approval, to set the terms of any series of shares of preferred stock that may be issued, including voting rights, conversion rights, dividend rights, preferences over UAL's common stock with respect to dividends or if UAL liquidates, dissolves or winds up its business and other terms. If UAL issues preferred stock in the future that has a preference over its common stock with respect to the payment of dividends or upon its liquidation, dissolution or winding up, or if UAL issues preferred stock with voting rights that dilute the voting power of its common stock, the rights of holders of its common stock or the market price of its common stock could be adversely affected.

The Company is also authorized to issue, without stockholder approval, other securities convertible into either preferred stock or, in certain circumstances, common stock. As of December 31, 2012, UAL had \$1 billion of convertible debt outstanding. Holders of these securities may convert them into shares of UAL common stock according to their terms. In addition, certain of UAL's notes include noteholder early redemption options. If a noteholder exercises such option, UAL may elect to pay the repurchase price in cash, shares of its common stock or a combination thereof. See Note 14 to the financial statements included in Item 8 of this report for additional information related to these convertible notes. The number of shares issued could be significant and such an issuance could cause significant dilution to the interests of its existing stockholders. In addition, if UAL elects to pay the repurchase price in cash, its liquidity could be adversely affected.

In the future, UAL may decide to raise additional capital through offerings of UAL common stock, securities convertible into UAL common stock, or exercise rights to acquire these securities or its common stock. The issuance of additional shares of common stock, including upon the conversion or repurchase of convertible debt, could result in significant dilution of existing stockholders' equity interests in UAL. Issuances of substantial amounts of its common stock, or the perception that such issuances could occur, may adversely affect prevailing market prices for UAL's common stock and UAL cannot predict the effect this dilution may have on the price of its common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES

Fleet

Including aircraft operating by regional carriers on their behalf, United and Continental operated 629 and 624 aircraft, respectively, as of December 31, 2012. UAL's combined fleet as of December 31, 2012 is presented in the table below:

<u>Aircraft Type</u>	<u>Total</u>	<u>Owned</u>	<u>Leased</u>	<u>Seats in Standard Configuration</u>	<u>Average Age (In Years)</u>
Mainline:					
747-400	23	15	8	374	17.4
777-200ER	55	38	17	253-269	12.8
777-200	19	18	1	258-348	15.9
787-8	5	5	—	219	0.1
767-400ER	16	14	2	242-256	11.3
767-300ER	35	19	16	188-244	17.5
767-200ER	5	5	—	174	11.7
757-300	21	9	12	213-216	10.3
757-200	133	47	86	110-182	19.2
737-900ER	52	52	—	167-173	2.8
737-900	12	8	4	167	11.3
737-800	130	57	73	152-160	9.9
A320-200	97	51	46	138-144	14.5
737-700	36	12	24	118	14.0
A319-100	55	41	14	114-120	12.9
737-500	8	—	8	108	17.6
Total mainline	702	391	311		13.3

<u>Aircraft Type</u>	<u>Total</u>	<u>Owned</u>	<u>Leased</u>	<u>Capacity Purchase</u>	<u>Seats in Standard Configuration</u>
Regional:					
Q400	16	—	—	16	71-74
E-170	38	—	—	38	70
CRJ700	115	—	—	115	66
CRJ200	75	—	—	75	50
ERJ-145 (XR/LR/ER)	270	16	223	31	50
Q300	5	—	—	5	50
ERJ-135	7	—	7	—	37
Q200	16	—	—	16	37
EMB 120	9	—	—	9	30
Total regional	551	16	230	305	
Total	1,253	407	541	305	

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United and Continental operated 354 and 348 mainline aircraft, respectively. The regional fleet is comprised of 275 aircraft at United and 276 at Continental. In addition to the aircraft operating in scheduled service presented in the tables above, United and Continental own or lease the following aircraft listed below as of December 31, 2012:

- Two owned Boeing 747-400, including one operating in charter service and one in storage;
- One owned Boeing 787-8, which has been inducted into scheduled service subsequent to December 31, 2012;
- One leased Boeing 767-200, which is being subleased to another airline;
- Three Airbus A330, which are subleased to another airline;
- Two leased Boeing 737-300 in storage;
- One leased Boeing 737-500, which has been returned to the lessor subsequent to December 31, 2012; and
- 23 leased ERJ-135 in storage.

Firm Order and Option Aircraft

As of December 31, 2012, UAL, United and Continental had firm commitments and options to purchase the following aircraft:

UAL Aircraft Commitments. UAL had firm commitments to purchase 100 new Boeing 737 MAX 9 aircraft scheduled for delivery from 2018 through 2022. UAL also had options to purchase an additional 100 Boeing 737 MAX 9 aircraft. UAL has the right, and intends in the future, to assign its interest under the purchase agreement for the 737 MAX 9 aircraft with respect to one or more of the aircraft to either United or Continental.

United Aircraft Commitments. United had firm commitments to purchase 100 new aircraft (25 Boeing 787 aircraft, 50 Boeing 737-900ER aircraft and 25 Airbus A350XWB aircraft) scheduled for delivery from 2013 through 2020. United also had options and purchase rights for additional aircraft. In 2013, United expects to take delivery of ten Boeing 737-900ER aircraft.

Continental Aircraft Commitments. Continental had firm commitments to purchase 47 new aircraft (23 Boeing 737 aircraft and 24 Boeing 787 aircraft) scheduled for delivery from January 1, 2013 through 2016. Continental also had options to purchase 74 Boeing aircraft. In 2013, Continental expects to take delivery of 14 Boeing 737-900ER aircraft and two Boeing 787-8 aircraft.

As of December 31, 2012, Continental had arranged for enhanced equipment trust certificate financing of 14 Boeing 737-900ER aircraft and one Boeing 787-8 aircraft scheduled for delivery from January through July 2013. In addition, United had secured backstop financing commitments from its widebody aircraft and engine manufacturers for a limited number of its future aircraft deliveries, subject to certain customary conditions. However, UAL and United do not have backstop financing or any other financing currently in place for their firm narrowbody aircraft orders with Boeing, and Continental does not have backstop financing or any other financing currently in place for its other Boeing aircraft on order. Financing will be necessary to satisfy the Company's capital commitments for its firm order aircraft and other related capital expenditures. The Company can provide no assurance that any financing not already in place for aircraft and spare engine deliveries will be available to the Company on acceptable terms when necessary or at all. See Notes 14 and 17 to the financial statements included in Item 8 of this report for additional information.

As of December 31, 2012, United had 222 call options to purchase regional jet aircraft being operated by certain regional carriers. At December 31, 2012, none of the call options was exercisable because none of the required conditions to make an option exercisable by United was met.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Note 17 to the financial statements included in Item 8 of this report for information related to future capital commitments to purchase these aircraft.

Facilities

United's and Continental's principal facilities relate to leases of airport facilities, gates, hangar sites, terminal buildings and other facilities in most of the municipalities they serve with their most significant leases at airport hub locations. United has major terminal facility leases at SFO, Washington Dulles, Chicago O'Hare, LAX and Denver with expiration dates ranging from 2014 to 2025. Continental has major facility leases at Newark Liberty, Houston Bush, Cleveland Hopkins and Guam with expiration dates ranging from 2013 through 2041. Substantially all of these facilities are leased on a net-rental basis, resulting in the Company's responsibility for maintenance, insurance and other facility-related expenses and services.

United and Continental also maintain administrative offices, terminal, catering, cargo and other airport facilities, training facilities, maintenance facilities and other facilities to support operations in the cities served. United also has multiple leases, which expire from 2022 through 2028 and include approximately 1,100,000 square feet of office space for its corporate headquarters and operations center in downtown Chicago. Continental also leases approximately 511,000 square feet of office and related space for certain administrative offices and for a former operations center in downtown Houston.

ITEM 3. LEGAL PROCEEDINGS.

Brazil Air Cargo Investigation

In April 2008, Brazilian antitrust authorities initiated an administrative proceeding in order to verify the existence of a cartel among certain airlines for the determination and implementation of a fuel surcharge, including United and its cargo manager. On January 4, 2010, the Economic Law Secretariat of Brazil issued its opinion recommending that civil penalties be assessed against all parties being investigated, including United, to the Administrative Counsel of Economic Defense ("CADE"), which is charged with making a determination on the matter. On August 30, 2011, the Brazil Federal Public Prosecutor issued an opinion to CADE recommending the dismissal of the proceedings against United and its cargo manager, which is currently under consideration by CADE. United continues to vigorously defend itself before CADE.

United is currently cooperating with CADE's investigation and continues to analyze whether any potential liability may result. Based on its evaluation of all information currently available, United has determined that no reserve for potential liability is required and will continue to defend itself against all allegations that it was aware of or participated in cartel activities. However, penalties for violation of competition laws can be substantial and an ultimate finding that United engaged in improper activity could have a material adverse impact on the Company's consolidated financial position and results of operations.

United Injunction Against ALPA and Four Individual Defendants for Unlawful Slowdown Activity under the Railway Labor Act

On July 30, 2008, United filed a lawsuit in the United States Federal Court for the Northern District of Illinois seeking a preliminary injunction against ALPA and four individual pilot employees for unlawful concerted activity that was disrupting the Company's operations. The court granted the preliminary injunction to United in November 2008, which was upheld by the U.S. Court of Appeals for the Seventh Circuit. ALPA and United reached an agreement to discontinue the ongoing litigation over United's motion for a permanent injunction and, instead, the preliminary injunction remained in effect until the conclusion of the ongoing bargaining process for an amended collective bargaining agreement that began on April 9, 2009. On December 15, 2012, the pilots ratified a new collective bargaining agreement and, on December 28, 2012, the district court vacated the preliminary injunction and the underlying case was dismissed with prejudice.

EEOC Claim Under the Americans with Disabilities Act

On June 5, 2009, the U.S. Equal Employment Opportunity Commission (“EEOC”) filed a lawsuit on behalf of five named individuals and other similarly situated employees alleging that United’s reasonable accommodation policy for employees with medical restrictions does not comply with the requirements of the Americans with Disabilities Act. The EEOC maintains that qualified disabled employees should be placed into available open positions for which they are minimally qualified, even if there are better qualified candidates for these positions. Under United’s accommodation policy, employees who are medically restricted and who cannot be accommodated in their current position are given the opportunity to apply and compete for available positions. If the medically restricted employee is similarly qualified to others who are competing for an open position, under United’s policy, the medically restricted employee will be given a preference for the position. If, however, there are candidates that have superior qualifications competing for an open position, then no preference will be given. United successfully transferred the venue of the case to the United States Federal Court for the Northern District of Illinois. Following the district court’s dismissal of the matter and the EEOC’s subsequent appeal to the Seventh Circuit Court of Appeals, on September 7, 2012, the Seventh Circuit overruled previous precedent and held that there may be an obligation to place a minimally qualified disabled worker in a position over a more qualified non-disabled worker. After the case was remanded to district court and the district court’s grant of United’s motion to stay this mandate during appeal, United filed a Petition for Certiorari with the Supreme Court of the United States (the “Supreme Court”) on December 5, 2012. United anticipates that the EEOC will file its response brief with the Supreme Court on March 11, 2013, after which the Supreme Court will determine whether to accept the case.

Litigation Associated with September 11, 2001 Terrorism

Families of 94 victims of the September 11, 2001, terrorist attacks filed lawsuits asserting a variety of claims against the airline industry. United and American Airlines (the “aviation defendants”), as the two carriers whose flights were hijacked on September 11, 2001, are the central focus of the litigation, but a variety of additional parties, including Continental, have been sued on a number of legal theories ranging from collective responsibility for airport screening and security systems that allegedly failed to prevent the attacks to faulty design and construction of the World Trade Center towers. World Trade Center Properties, Inc., as lessee, also filed claims against the aviation defendants and The Port Authority of New York and New Jersey (the “Port Authority”), the owner of the World Trade Center, for property and business interruption damages. The Port Authority has also filed cross-claims against the aviation defendants in both the wrongful death litigation and for property damage sustained in the attacks. The insurers of various tenants at the World Trade Center filed subrogation claims for damages as well. By statute, these matters were consolidated in the U.S. District Court for the Southern District of New York and the aviation defendants’ exposure was capped at the limit of the liability coverage maintained by each carrier at the time of the attacks. In September 2011, United settled the last remaining wrongful death claim in connection with this matter. In 2010, insurers for the aviation defendants reached a settlement with all of the subrogated insurers and most of the uninsured plaintiffs with property and business interruption claims, which was approved by the court and has been affirmed by the U.S. Court of Appeals for the Second Circuit. The U.S. District Court for the Southern District of New York dismissed a claim for environmental cleanup damages filed by a neighboring property owner, Cedar & Washington Associates, LLC. This dismissal order has been appealed to the U.S. Court of Appeals for the Second Circuit. In January 2013, Continental was dismissed from the litigation in its entirety. In the aggregate, claims related to the events of September 11, 2001 are estimated to be well in excess of \$10 billion. The Company believes that it will have no financial exposure for claims arising out of the events of September 11, 2001 in light of the provisions of the Air Transportation Safety and System Stabilization Act of 2001 limiting claimants’ recoveries to insurance proceeds, the resolution of the wrongful death and personal injury cases by settlement, the resolution of the majority of the property damage claims and the withdrawal of all related proofs of claim from UAL Corporation’s Chapter 11 bankruptcy proceeding.

Antitrust Litigation Related to the Merger Transaction

On June 29, 2010, forty-nine purported purchasers of airline tickets filed an antitrust lawsuit in the U.S. District Court for the Northern District of California against Continental and UAL Corporation in connection with the Merger. The plaintiffs alleged that the Merger may substantially lessen competition or tend to create a monopoly in the transportation of airline passengers in the United States and the transportation of airline passengers to and from the United States on international flights, in violation of Section 7 of the Clayton Act. On August 9, 2010, the plaintiffs filed a motion for preliminary injunction pursuant to Section 16 of the Clayton Act, seeking to enjoin the Merger. On September 27, 2010, the court denied the plaintiffs' motion for a preliminary injunction, which allowed the Merger to close. After the closing of the Merger, the plaintiffs appealed the court's ruling to the United States Court of Appeals for the Ninth Circuit and moved for a "hold separate" order pending the appeal, which was denied. The Ninth Circuit affirmed the District Court's denial of the preliminary injunction on May 23, 2011 and, on July 8, 2011, denied the plaintiffs' motions for rehearing and for rehearing en banc. The U.S. Supreme Court thereafter denied certiorari. On October 24, 2011, the District Court allowed the plaintiffs to amend their complaint in order to, among other things, add a claim for damages. Continental and United filed a motion to dismiss the complaint with prejudice which the District Court granted on December 29, 2011. The plaintiffs are appealing that dismissal. The Company has determined that no reserve for potential liability is required and will continue to defend itself against the claim.

Environmental Proceedings

In 2001, the California Regional Water Quality Control Board ("CRWQCB") mandated a field study of the area surrounding Continental's aircraft maintenance hangar in Los Angeles. The study was completed in September 2001 and identified aircraft fuel and solvent contamination on and adjacent to this site. In April 2005, Continental began environmental remediation of aircraft fuel contamination surrounding its aircraft maintenance hangar pursuant to a workplan submitted to and approved by the CRWQCB and its landlord, the Los Angeles World Airports. Additionally, Continental could be responsible for environmental remediation costs primarily related to solvent contamination on and near this site. Continental accrued a reserve in an amount expected by the Company to cover environmental remediation costs for this site.

Other Legal Proceedings

The Company is involved in various other claims and legal actions involving passengers, customers, suppliers, employees and government agencies arising in the ordinary course of business. Additionally, from time to time, the Company becomes aware of potential non-compliance with applicable environmental regulations, which have either been identified by the Company (through internal compliance programs such as its environmental compliance audits) or through notice from a governmental entity. In some instances, these matters could potentially become the subject of an administrative or judicial proceeding and could potentially involve monetary sanctions. After considering a number of factors, including (but not limited to) the views of legal counsel, the nature of contingencies to which the Company is subject and prior experience, management believes that the ultimate disposition of these contingencies will not materially affect its consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

UAL's common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "UAL." The following table sets forth the ranges of high and low sales prices per share of UAL common stock during the last two fiscal years, as reported by the NYSE:

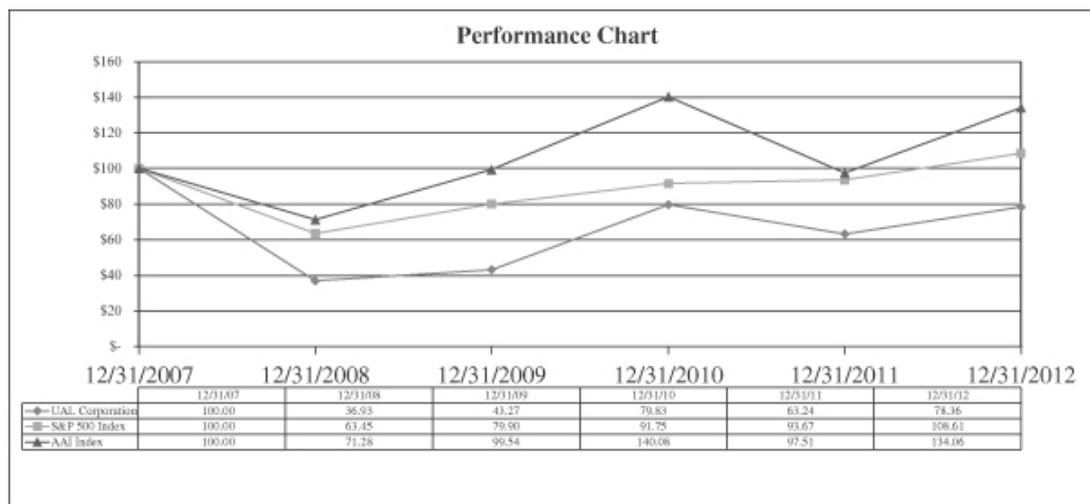
	UAL			
	2012		2011	
	High	Low	High	Low
1st quarter	\$ 25.84	\$ 17.25	\$ 27.72	\$ 21.65
2nd quarter	25.50	20.55	26.84	19.32
3rd quarter	24.95	17.45	23.28	15.92
4th quarter	24.23	18.85	21.45	15.51

Based on reports by the Company's transfer agent for UAL common stock, as of February 7, 2013, there were approximately 12,900 record holders of UAL common stock and approximately 29,400 holders of UAL common stock comprised of UAL's record holders and bankruptcy distribution holders under UAL Corporation's Chapter 11 plan of reorganization.

UAL, United and Continental did not pay any dividends in 2012 or 2011. Under the provisions of the Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007 (the "Amended Credit Facility") and the terms of certain of the Company's other debt agreements, UAL's ability to pay dividends on or repurchase UAL's common stock is restricted. However, UAL may undertake \$243 million in stockholder dividends or other distributions without any additional prepayment of the Amended Credit Facility, provided that all covenants within the Amended Credit Facility are met. The Amended Credit Facility provides that UAL and United can carry out further stockholder dividends or other distributions in an amount equal to future term loan prepayments, provided the covenants are met. In addition, under the provisions of the indenture governing Continental's 6.75% Senior Secured Notes due 2015, the ability of Continental to pay dividends is restricted. Any future determination regarding dividend or distribution payments will be at the discretion of the Board of Directors, subject to applicable limitations under Delaware law.

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The following graph shows the cumulative total shareholder return for UAL's common stock during the period from December 31, 2007 to December 31, 2012. The graph also shows the cumulative returns of the Standard and Poor's ("S&P") 500 Index and the NYSE Arca Airline Index ("AAI") of 13 investor-owned airlines. The comparison assumes \$100 was invested on December 31, 2007 in UAL common stock.



Note: The stock price performance shown in the graph above should not be considered indicative of potential future stock price performance.

The following table presents repurchases of UAL common stock made in the fourth quarter of 2012:

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or approximate dollar value) of shares that may yet be purchased under the plans or programs
10/01/12-10/31/12	—	\$ —	—	(b)
11/01/12-11/30/12	—	—	—	(b)
12/01/12-12/31/12	122,777	23.38	—	(b)
Total	122,777			

(a) Shares withheld from employees to satisfy certain tax obligations due upon the vesting of restricted stock.

(b) The United Continental Holdings, Inc. 2008 Incentive Compensation Plan provides for the withholding of shares to satisfy tax obligations due upon the vesting of restricted stock or restricted stock units. However, this plan does not specify a maximum number of shares that may be repurchased.

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UAL's consolidated financial statements and statistical data provided in the tables below include the results of Continental Successor for the periods from October 1, 2010 to December 31, 2012.

UAL Statement of Consolidated Operations Data

(In millions, except per share amounts)

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Income Statement Data:					
Operating revenue	\$ 37,152	\$ 37,110	\$ 23,325	\$ 16,335	\$ 20,194
Operating expense	37,113	35,288	22,349	16,496	24,632
Operating income (loss)	39	1,822	976	(161)	(4,438)
Net income (loss)	(723)	840	253	(651)	(5,396)
Net income (loss) excluding special items (a)	589	1,323	942	(1,128)	(1,773)
Basic earnings (loss) per share	(2.18)	2.54	1.22	(4.32)	(42.59)
Diluted earnings (loss) per share	(2.18)	2.26	1.08	(4.32)	(42.59)
Balance Sheet Data at December 31:					
Unrestricted cash, cash equivalents and short-term investments	\$ 6,543	\$ 7,762	\$ 8,680	\$ 3,042	\$ 2,039
Total assets	37,628	37,988	39,598	18,684	19,465
Debt and capital lease obligations	13,166	12,735	15,133	8,543	8,004

(a) See "Reconciliation of GAAP to non-GAAP Financial Measures" in this Item 6 for further details related to items that significantly impacted UAL's results.

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UAL Selected Operating Data

Presented below is the Company's operating data for the years ended December 31. The 2012, 2011 and 2010 operating data includes results of Continental Successor.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Mainline					
Passengers (thousands) (a)	93,595	96,360	65,365	56,082	63,149
Revenue passenger miles ("RPMs") (millions) (b)	179,416	181,763	122,182	100,475	110,061
Available seat miles ("ASMs") (millions) (c)	216,330	219,437	145,738	122,737	135,861
Cargo ton miles (millions)	2,460	2,646	2,176	1,603	1,921
Passenger load factor (d)					
Mainline	82.9%	82.8%	83.8%	81.9%	81.0%
Domestic	84.9%	85.1%	84.8%	83.7%	82.6%
International	80.9%	80.5%	82.7%	79.4%	79.0%
Passenger revenue per available seat mile ("PRASM") (cents)	11.93	11.84	10.99	9.22	10.91
Total revenue per available seat mile (cents)	13.92	13.77	12.91	10.81	12.58
Average yield per revenue passenger mile ("Yield") (cents) (e)	14.38	14.29	13.11	11.26	13.47
Average fare per revenue passenger (f)	\$ 275.70	\$ 269.56	\$ 245.06	\$ 201.72	\$ 234.71
Cost per available seat mile ("CASM") (cents)	14.12	13.15	12.51	11.05	15.74
Average price per gallon of fuel, including fuel taxes	\$ 3.27	\$ 3.01	\$ 2.27	\$ 1.75	\$ 3.54
Fuel gallons consumed (millions)	3,275	3,303	2,280	1,942	2,182
Aircraft in fleet at end of period (g)	702	701	710	360	409
Average stage length (miles) (h)	1,895	1,844	1,789	1,701	1,677
Average daily utilization of each aircraft (hours) (i)	10:38	10:42	10:47	10:47	10:42
Regional					
Passengers (thousands) (a)	46,846	45,439	32,764	25,344	23,278
RPMs (millions) (b)	26,069	25,768	18,675	13,770	12,155
ASMs (millions) (c)	32,530	33,091	23,827	17,979	16,164
Passenger load factor (d)	80.1%	77.9%	78.4%	76.6%	75.2%
PRASM (cents)	20.84	19.75	17.70	16.04	18.44
Yield (cents) (e)	26.00	25.36	22.58	20.95	24.52
Aircraft in fleet at end of period (g)	551	555	552	292	280
Consolidated					
Passengers (thousands) (a)	140,441	141,799	98,129	81,426	86,427
RPMs (millions) (b)	205,485	207,531	140,857	114,245	122,216
ASMs (millions) (c)	248,860	252,528	169,565	140,716	152,025
Passenger load factor (d)	82.6%	82.2%	83.1%	81.2%	80.4%
PRASM (cents)	13.09	12.87	11.93	10.09	11.71
Yield (cents) (e)	15.86	15.67	14.37	12.43	14.57
CASM (cents)	14.91	13.97	13.18	11.72	16.20
Average price per gallon of fuel, including fuel taxes	\$ 3.27	\$ 3.06	\$ 2.39	\$ 1.80	\$ 3.52
Fuel gallons consumed (millions)	4,016	4,038	2,798	2,338	2,553

- (a) The number of revenue passengers measured by each flight segment flown.
(b) The number of scheduled miles flown by revenue passengers.

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- (c) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
 (d) RPM divided by ASM.
 (e) The average passenger revenue received for each revenue passenger mile flown.
 (f) Passenger revenue divided by number of passengers.
 (g) Excludes aircraft that were removed from service. Regional aircraft include aircraft operated by all carriers under capacity purchase agreements, but exclude any aircraft that were subleased to other operators but not operated on our behalf.
 (h) Average stage length equals the average distance a flight travels weighted for size of aircraft.
 (i) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).

Reconciliation of GAAP to non-GAAP Financial Measures

UAL evaluates its financial performance utilizing various accounting principles generally accepted in the United States of America (“GAAP”) and non-GAAP financial measures including net income/loss, net earnings/loss per share and cost per available seat mile (“CASM”), among others. CASM is a common metric used in the airline industry to measure an airline’s cost structure and efficiency. UAL believes that excluding fuel costs from certain measures is useful to investors because it provides an additional measure of management’s performance excluding the effects of a significant cost item over which management has limited influence. Fuel hedge mark-to-market (“MTM”) gains (losses) are excluded as UAL did not apply cash flow hedge accounting for certain of the periods presented, and these adjustments may provide a better comparison to UAL’s peers, most of which either apply cash flow hedge accounting or exclude cash MTM gains or losses in certain disclosures of fuel expense. UAL believes that adjusting for special items is useful to investors because the special items are non-recurring items not indicative of UAL’s ongoing performance. UAL also believes that excluding third-party business expenses, such as maintenance, ground handling and catering services for third parties, fuel sales and non-air mileage redemptions, provides more meaningful disclosure because these expenses are not directly related to UAL’s core business. Pursuant to SEC Regulation G, UAL has included the following reconciliation of reported non-GAAP financial measures to comparable financial measures reported on a GAAP basis (in millions, except CASM amounts). For further information related to special items, see Note 21 to the financial statements included in Item 8 of this report.

	Year ended December 31,				
	2012	2011	2010	2009	2008
Net income (loss) excluding special items:					
Net income (loss)	\$ (723)	\$ 840	\$ 253	\$ (651)	\$ (5,396)
Total special items - income (expense) (see detail below)	(1,312)	(483)	(689)	477	(3,623)
Net income (loss) excluding special items	\$ 589	\$ 1,323	\$ 942	\$ (1,128)	\$ (1,773)
Special items - income (expense) (millions)					
Special revenue item	\$ —	\$ 107	\$ —	\$ —	\$ —
Merger and integration-related costs	(739)	(517)	(564)	—	—
Labor agreement costs	(475)	—	—	—	—
Voluntary severance and benefits	(125)	—	—	—	—
Goodwill impairment (charge) credit	—	—	64	—	(2,277)
Other intangible impairments	(30)	(4)	(29)	(150)	(64)
Other asset impairments	—	—	(136)	(93)	(250)
Municipal bond litigation	—	—	—	(27)	—
Termination of maintenance service contract	—	(58)	—	—	—
Other	46	(13)	(4)	(104)	(25)
Special operating expense	(1,323)	(592)	(669)	(374)	(2,616)
Other operating expense items	—	—	—	(35)	(191)
Operating non-cash MTM gain (loss)	—	—	(32)	586	(568)
Non-operating non-cash MTM gain (loss) (a)	—	—	—	279	(279)
Other expense items	—	—	(32)	830	(1,038)
Income tax benefit	11	2	12	21	31
Total special items (b)	\$ (1,312)	\$ (483)	\$ (689)	\$ 477	\$ (3,623)

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	Year ended December 31,		
	2012	2011	2010
Mainline CASM excluding special charges and aircraft fuel and related taxes:			
Operating expense	\$ 30,539	\$ 28,850	\$ 18,228
Special charges	(1,323)	(592)	(669)
Third-party business expenses	(298)	(235)	(218)
Aircraft fuel and related taxes	(10,713)	(9,936)	(5,387)
Profit sharing	(119)	(265)	(166)
Operating expense excluding above items	<u>\$ 18,086</u>	<u>\$ 17,822</u>	<u>\$ 11,788</u>
ASMs - mainline	216,330	219,437	145,738
CASM (cents)	14.12	13.15	12.51
CASM, excluding special items	13.51	12.88	12.03
CASM, excluding special items and third-party business expenses	13.37	12.77	11.88
CASM, excluding special items, third-party business expenses and fuel	8.42	8.24	8.20
CASM, excluding special items, third-party business expenses, fuel and profit sharing	8.36	8.12	8.09
Consolidated CASM excluding special charges and aircraft fuel and related taxes:			
Operating expense	\$ 37,113	\$ 35,288	\$ 22,349
Special charges	(1,323)	(592)	(669)
Third-party business expenses	(298)	(235)	(218)
Aircraft fuel and related taxes	(13,138)	(12,375)	(6,687)
Profit Sharing	(119)	(265)	(166)
Operating expense excluding above items	<u>\$ 22,235</u>	<u>\$ 21,821</u>	<u>\$ 14,609</u>
ASMs - consolidated	248,860	252,528	169,565
CASM (cents)	14.91	13.97	13.18
CASM, excluding special items	14.38	13.74	12.77
CASM, excluding special items and third-party business expenses	14.26	13.65	12.64
CASM, excluding special items, third-party business expenses and fuel	8.98	8.75	8.71
CASM, excluding special items, third-party business expenses, fuel and profit sharing	8.93	8.64	8.62

(a) In 2009 and 2008 the Company included Non-operating non-cash MTM gains (losses) in special items for certain presentations of net income excluding special items. The Company no longer includes Non-operating non-cash MTM gains (losses) in special items.

(b) See Note 21 to the financial statements included in Item 8 of this report for additional information on special items.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

United Continental Holdings, Inc. (together with its consolidated subsidiaries, "UAL") is a holding company and its principal, wholly-owned subsidiaries are United Air Lines, Inc. (together with its consolidated subsidiaries, "United") and, effective October 1, 2010, Continental Airlines, Inc. (together with its consolidated subsidiaries, "Continental"). Upon closing of the Merger, UAL Corporation changed its name to United Continental Holdings, Inc. We sometimes use the words "we," "our," "us," and the "Company" in this Form 10-K for disclosures that relate to all of UAL, United and Continental.

This Annual Report on Form 10-K is a combined report of UAL, United, and Continental including their respective consolidated financial statements. As UAL consolidated United and Continental beginning October 1, 2010 for financial statement purposes, disclosures that relate to United or Continental activities also apply to UAL, unless otherwise noted. When appropriate, UAL, United and Continental are named specifically for their related activities and disclosures.

2012 Financial Highlights

- UAL recorded net loss of \$723 million for 2012, as compared to net income of \$840 million for 2011. Excluding special items, UAL recorded net income of \$589 million for 2012, compared to net income of \$1.3 billion for 2011. See Item 6 of this report for a reconciliation of GAAP to non-GAAP net income.
- UAL's unrestricted cash, cash equivalents and short-term investments at December 31, 2012 was \$6.5 billion as compared to \$7.8 billion at December 31, 2011.
- UAL 2012 consolidated passenger revenue in 2012 increased approximately \$72 million, or 0.2%, as compared to 2011. Consolidated passenger revenue per available seat mile ("PRASM") increased 1.7% in 2012 compared to 2011.
- Full-year 2012 cost per available seat mile ("CASM") increased 6.7% year-over-year.

2012 Operational Highlights

- For the years ended December 31, 2012 and 2011, the Company recorded a U.S. Department of Transportation on-time arrival rate of 77.4% and 78.8%, respectively, and a system completion factor of 98.6% and 98.7%, respectively.
- Consolidated traffic ("RPMs") for 2012 decreased 1.0% as compared to 2011, while consolidated capacity ("ASMs") decreased 1.5% from the prior year, resulting in a consolidated load factor of 82.6% in 2012 versus a consolidated load factor of 82.2% in 2011.
- The Company took delivery of six Boeing 787-8 Dreamliners in 2012, and launched its first commercial 787 flight in early November. United also took delivery of 19 Boeing 737-900ERs, and removed from service 19 Boeing 737-500s, one Boeing 757-200 and three Boeing 767-200s.

Set forth below is a discussion of the principal matters that we believe could impact our financial and operating performance and cause our results of operations in future periods to differ materially from our historical operating results and/or from our anticipated results of operations described in the forward-looking statements in this report. See Item 1A, *Risk Factors*, and the factors described under "Forward-Looking Information" for further discussion of these and other factors that could affect us.

Merger Integration. During 2012, the Company made significant progress in integrating its products, services, policies and a number of information technology systems. Following the conversion of its passenger service system in March 2012, the Company now has a single passenger service system, a single loyalty program, MileagePlus, and a single website, united.com. Continental's OnePass loyalty program formally ended in the first quarter of 2012, at which point United automatically enrolled OnePass members in the MileagePlus program and

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deposited into those MileagePlus accounts award miles equal to OnePass members' award miles balance. As a result of the conversion to a single passenger service system, the Company now operates using a single reservations system, carrier code, flight schedule, website and departure control system.

The Company continued to redeploy aircraft across its global network, better matching aircraft and demand on a route by route basis.

The United and Continental pilots represented by the Air Line Pilots Association, International ("ALPA") ratified a new joint collective bargaining agreement with the Company.

Some key initiatives for the Company in 2013 include maintaining reliable operational performance, investing in customer service training and tools for its frontline co-workers, completing the installation of flat-bed seats in the premium cabins of its international widebody aircraft, installing global satellite based WiFi on approximately 300 of its mainline aircraft, and reaching competitive joint collective bargaining agreements with its union-represented employee groups.

UAL expects the Merger to deliver \$1.0 billion to \$1.2 billion in net annual synergies on a run-rate basis when the integration is complete and synergy benefits are fully realized.

The Company has incurred substantial expenses in connection with the Merger. The Company incurred approximately \$739 million of integration-related cash costs in 2012 and expects this amount to decrease significantly in 2013 to approximately \$250 million. There are many factors that could affect the total amount or the timing of those expenses, and many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. See Notes 1 and 21 to the financial statements included in Item 8 of this report and Item 1A, Risk Factors, for additional information on the Merger.

The Company plans to merge United Air Lines, Inc. and Continental Airlines, Inc. into one legal entity in 2013. Once this legal merger occurs, the financial statements of United and Continental will be combined at their historical cost for all periods presented beginning on October 1, 2010, the date on which Continental became a wholly-owned subsidiary of UAL, and there will no longer be a requirement to separately report the historical financial statements of Continental.

Economic Conditions. The economic outlook for the aviation industry in 2013 is characterized by stagnant to modest U.S. and global economic growth. We cannot predict whether the demand for air travel will improve or the rate of such improvement. Continuing economic uncertainty, including continued European sovereign debt uncertainty and political and socioeconomic tensions in regions such as the Middle East, may result in diminished demand for air travel and may impair our ability to achieve profitability in 2013.

Capacity. Over the past year, UAL leveraged the flexibility of its combined fleet to better match market demand and added new routes from its hubs to international destinations such as Istanbul, Turkey; Manchester, England; Dublin, Ireland; Buenos Aires, Argentina; Monterrey, Mexico; San Salvador, El Salvador; Kelowna, British Columbia, Canada; and Doha, Qatar via Dubai, United Arab Emirates. In addition, for 2013, UAL expects to add new routes from its hubs to Taipei, Taiwan; Shannon, Ireland; Paris, France; Edmonton, Alberta, Canada; Fort McMurray, Alberta, Canada; Thunder Bay, Ontario, Canada; and Denver's first service to Asia with non-stop service to Tokyo, subject to government approval. We expect consolidated capacity for 2013 to be lower than consolidated capacity in 2012. Should fuel prices increase significantly or should U.S. or global economic growth outlooks decline substantially, we would likely adjust our capacity plans to reflect the different operating environment.

Fuel Costs. Fuel prices continued to be volatile in 2012. UAL's average aircraft fuel price per gallon including related taxes was \$3.27 in 2012 as compared to \$3.06 in 2011. If fuel prices rise significantly from their current levels, we may be unable to raise fares or other fees sufficiently to fully offset our increased costs. In addition, high fuel prices may impair our ability to achieve profitability. Based on projected fuel consumption in 2013, a one dollar change in the price of a barrel of crude oil would change UAL's annual fuel expense by approximately \$94 million. To protect against increases in the prices of aircraft fuel, the Company routinely hedges a portion of its future fuel requirements.

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Labor Costs. As of December 31, 2012, the Company had approximately 80% of employees represented by unions. We are in the process of negotiating amended collective bargaining agreements with our major employee groups. The Company cannot predict the outcome of negotiations with its unionized employee groups, although significant increases in the pay and benefits resulting from new collective bargaining agreements would have an adverse financial impact on the Company.

In 2013, the Company expects CASM, excluding fuel, profit sharing and third-party business expense to increase 4.5% to 5.5% year-over-year, of which approximately 2.5 percentage points are due to collective bargaining agreements with various employee groups.

Results of Operations

In this section, we compare UAL's results of operations for the year ended December 31, 2012 with UAL's results of operations for the year ended December 31, 2011. This presentation differs from the comparison of 2011 and 2010 results, which compares UAL's financial performance year-over-year excluding the Merger impact in 2010, represented by Continental Successor results in the fourth quarter of 2010. Non-GAAP financial measures are presented because they provide management and investors with the ability to measure and monitor UAL's performance on a consistent basis.

2012 compared to 2011

Operating Revenue

The table below illustrates the year-over-year percentage change in UAL's operating revenues for the years ended December 31 (in millions, except percentage changes):

<u>UAL</u>	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Passenger—Mainline	\$25,804	\$25,975	\$ (171)	(0.7)
Passenger—Regional	6,779	6,536	243	3.7
Total passenger revenue	32,583	32,511	72	0.2
Cargo	1,018	1,167	(149)	(12.8)
Special revenue item	—	107	(107)	NM
Other operating revenue	3,551	3,325	226	6.8
	<u>\$37,152</u>	<u>\$37,110</u>	<u>\$ 42</u>	0.1

The table below presents UAL's passenger revenues and operating data based on geographic region (regional flights consist primarily of domestic routes):

	<u>Increase (decrease) in 2012 from 2011 (a):</u>						
	<u>Domestic</u>	<u>Pacific</u>	<u>Atlantic</u>	<u>Latin</u>	<u>Total Mainline</u>	<u>Regional</u>	<u>Consolidated</u>
Passenger revenue (in millions)	\$ (338)	\$ 391	\$ (197)	\$ (27)	\$ (171)	\$ 243	\$ 72
Passenger revenue	(2.6)%	8.6%	(3.4)%	(1.0)%	(0.7)%	3.7 %	0.2 %
Average fare per passenger	1.5 %	2.3%	(0.1)%	(1.5)%	2.3%	0.6 %	1.2 %
Yield	(0.1)%	5.1%	0.3 %	(4.2)%	0.6 %	2.5 %	1.2 %
PRASM	(0.3)%	5.8%	0.2 %	(2.2)%	0.8 %	5.5 %	1.7 %
Average stage length	2.3 %	1.6%	0.3 %	3.1 %	2.8 %	(2.3)%	1.1 %
Passengers	(4.0)%	6.1%	(3.4)%	0.5 %	(2.9)%	3.1 %	(1.0)%
RPMS (traffic)	(2.5)%	3.2%	(3.7)%	3.2 %	(1.3)%	1.2 %	(1.0)%
ASMs (capacity)	(2.4)%	2.7%	(3.6)%	1.3 %	(1.4)%	(1.7)%	(1.5)%
Passenger load factor (points)	(0.2)	0.4	(0.2)	1.6	0.1	2.2	0.4

(a) See Item 6 for the definition of these statistics.

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Consolidated passenger revenue in 2012 increased approximately \$72 million, or 0.2%, as compared to 2011. This increase was due to an increase of 1.2% in both average fare per passenger and yield, over the same period as a result of improved pricing primarily from industry capacity discipline, offset by a 1% decline in passengers. The reduced traffic from both business and leisure passengers in 2012 was offset by higher fares, which drove improvements in both average fare per passenger and yield.

Cargo revenue decreased by \$149 million, or 12.8%, in 2012 as compared to 2011 due to excess industry capacity and a weaker demand environment. Both cargo volume and yield declined in 2012 compared to 2011. Freight revenue in 2012 decreased 13.4% compared to 2011 due to lower volume, fuel surcharges and processing fees. Mail revenue decreased 8.1% in 2012 as compared to 2011 primarily due to lower volume.

Revenue in 2011 was also impacted by certain accounting changes, as described in Note 2 to the financial statements in Item 8 of this report. In conjunction with these accounting changes, the Company recorded a special adjustment in 2011 to decrease frequent flyer deferred revenue and increase revenue by \$107 million in connection with a modification to The Consolidated Amended and Restated Co-Branded Card Marketing Services Agreement dated June 9, 2011 (the "Co-Brand Agreement") with Chase Bank USA, N.A. ("Chase").

Other operating revenue was up \$226 million, or 6.8%, in 2012 as compared to 2011, which was primarily due to a change in the deferral rate related to the sales of credit card miles in conjunction with the modification of the Co-Brand Agreement in accordance with Accounting Standards Update 2009-13, Multiple-Deliverable Revenue Arrangements - a consensus of the FASB Emerging Issues Task Force ("ASU 2009-13"), which was adopted in 2011. Other operating revenue also increased due to additional sales of aircraft fuel to a third party.

Operating Expense

The table below includes data related to UAL's operating expense for the year ended December 31 (in millions, except percentage changes).

UAL	2012	2011	Increase (Decrease)	% Change
Aircraft fuel	\$13,138	\$12,375	\$ 763	6.2
Salaries and related costs	7,945	7,652	293	3.8
Regional capacity purchase	2,470	2,403	67	2.8
Landing fees and other rent	1,929	1,928	1	0.1
Aircraft maintenance materials and outside repairs	1,760	1,744	16	0.9
Depreciation and amortization	1,522	1,547	(25)	(1.6)
Distribution expenses	1,352	1,435	(83)	(5.8)
Aircraft rent	993	1,009	(16)	(1.6)
Special charges	1,323	592	731	NM
Other operating expenses	4,681	4,603	78	1.7
	<u>\$37,113</u>	<u>\$35,288</u>	<u>\$ 1,825</u>	5.2

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The significant increase in aircraft fuel expense was primarily attributable to increased fuel prices and gains (losses) from fuel hedging activity in both years, as shown in the table below which reflects the significant changes in aircraft fuel cost per gallon for 2012 as compared to 2011.

	<u>(In millions)</u>			<u>Average price per gallon</u>		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Total aircraft fuel cost excluding hedge impacts	\$ 12,997	\$ 12,878	0.9	\$ 3.24	\$ 3.19	1.6
Hedge gains (losses) reported in fuel expense (a)	(141)	503	NM	(0.03)	0.13	NM
Fuel expense as reported	13,138	12,375	6.2	3.27	3.06	6.9
Settled hedge gains (losses) not recorded in fuel expense (b)	(1)	(60)	NM	—	(0.02)	NM
Fuel expense including all gains (losses) from settled hedges	13,139	12,435	5.7	3.27	3.08	6.2
Hedge non-cash mark-to-market gains (losses) (c)	38	1	NM	0.01	—	NM
Fuel expense including all hedge impacts	<u>\$ 13,101</u>	<u>\$ 12,434</u>	5.4	<u>\$ 3.26</u>	<u>\$ 3.08</u>	5.8
Total fuel consumption (gallons)	4,016	4,038	(0.5)			

(a) Includes gains (losses) from settled hedges that were designated for hedge accounting.

(b) Includes ineffectiveness gains (losses) and gains (losses) on derivatives not designated for hedge accounting. These amounts are recorded in Nonoperating income (expense): Miscellaneous, net.

(c) Includes ineffectiveness gains (losses) and non-cash mark-to-market gains (losses) on all open fuel hedge positions. These amounts are recorded in Nonoperating income (expense): Miscellaneous, net.

Salaries and related costs increased \$293 million, or 3.8%, in 2012 as compared to 2011. The increase was due to several factors including a 3.5% increase in the number of average full-time employees year-over-year, higher pay rates primarily driven by new collective bargaining agreements, pension costs, and overtime for airport and call center employees related to our conversion to a single passenger service system. The increase was offset by a decrease in profit sharing and lower workers' compensation and long-term disability.

Distribution expenses decreased \$83 million, or 5.8%, in 2012 as compared to 2011 due to reduced fees with our online ticket agents, lower credit card discount fees driven by legislation reducing costs on debit card sales, and lower volume of global distribution fees paid.

Other operating expenses increased \$78 million, or 1.7%, in 2012 as compared to 2011 due to additional trip interruption costs, costs associated with higher fuel sales, hotel and per diem expenses, personnel-related expenses and higher advertising expenses.

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The table below presents integration-related costs and special items incurred by UAL during the years ended December 31 (in millions):

	<u>2012</u>	<u>2011</u>
Integration-related costs	\$ 739	\$517
Labor agreement costs	475	—
Voluntary severance and benefits	125	—
Intangible asset impairments	30	4
Termination of maintenance service contract	—	58
Other	(46)	13
Total special items	1,323	592
Tax benefit on intangible asset impairments	(11)	(2)
Total special items, net of tax	<u>\$1,312</u>	<u>\$590</u>

Integration-related costs include compensation costs related to systems integration and training, costs to repaint aircraft in the new livery and other branding activities, costs to write-off or accelerate depreciation on systems and facilities that are no longer used or planned to be used for significantly shorter periods and relocation costs for employees and severance primarily associated with administrative headcount reductions.

On December 31, 2012, UAL and United entered into an agreement with the Pension Benefit Guaranty Corporation (the “PBGC”) that reduced the aggregate amount of 8% Contingent Senior Notes to be issued by UAL, and eliminated the contingent nature of such obligation by replacing the \$188 million principal amount of 8% Contingent Senior Notes incurred as of December 31, 2012 and the obligation to issue any additional 8% Contingent Senior Notes with \$400 million principal amount of new 8% Notes due 2024 (the “New 8% Notes”). In addition, UAL and United agreed to replace the \$652 million principal amount outstanding of UAL’s 6% Senior Notes due 2031 with \$326 million principal amount of new 6% Notes due 2026 and \$326 million principal amount of 6% Notes due 2028 (collectively, the “New 6% Notes” and together with the New 8% Notes, the “New PBGC Notes”). The Company did not receive any cash proceeds in connection with the issuance of the New PBGC Notes. The Company is accounting for this agreement as a debt extinguishment, resulting in a charge of \$309 million that represents the fair value of \$212 million of New 8% Notes that it agreed to issue and the change in the fair value of the New 6% Notes and the \$188 million of New 8% Notes versus their previous carrying values. The Company classified the expense as a component of special charges because the note restructuring would not have occurred if it were not for the Merger.

The Company also recorded impairment charges related to European take-off and landing slots primarily due to the weakening of the U.S. dollar against certain foreign currencies and reductions in scheduled flights. In addition, the Company recorded additional costs associated with the ratification of the joint collective bargaining agreement by the United and Continental pilots represented by ALPA. The Company also recorded charges associated with various voluntary retirement and leave of absence programs for its various employee groups. See Note 21 to the financial statements included in Item 8 of this report for additional information related to special items.

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Nonoperating Income (Expense)

The following table illustrates the year-over-year dollar and percentage changes in UAL's nonoperating income (expense) (in millions except percentage changes):

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Interest expense	\$(835)	\$(949)	\$ (114)	(12.0)
Interest capitalized	37	32	5	15.6
Interest income	23	20	3	15.0
Miscellaneous, net	12	(80)	92	NM
Total	<u>\$(763)</u>	<u>\$(977)</u>	<u>\$ (14)</u>	<u>(1.4)</u>

The decrease in interest expense of \$114 million, or 12%, in 2012 as compared to 2011 was primarily due to lower average debt principal outstanding for a majority of the year.

In 2012, miscellaneous, net included a fuel hedge ineffectiveness loss of \$1 million primarily resulting from a decrease in fuel hedge ineffectiveness as compared to a loss of \$59 million in the year-ago period. Miscellaneous, net also included mark-to-market gains of \$38 million from derivatives not qualifying for hedge accounting as compared to zero in 2011.

2011 compared to 2010

To provide a more meaningful comparison of UAL's 2011 financial performance to 2010, we have quantified the increases relating to our operating results that are due to Continental operations after the Merger closing date. The increases due to the Merger, presented in the tables below, represent Continental's actual results for the fourth quarter of 2010 and full year 2011. The discussion of UAL's results excludes the impact of Continental's results. Intercompany transactions in 2010 were immaterial.

Operating Revenue

The table below illustrates the year-over-year percentage change in UAL's operating revenues for the years ended December 31 (in millions, except percentage changes):

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>\$ Increase due to Merger</u>	<u>\$ Change Excluding Merger Impact</u>	<u>% Change Excluding Merger Impact</u>
Passenger—Mainline	\$ 25,975	\$ 16,019	\$ 9,956	\$ 9,211	\$ 745	5.6
Passenger—Regional	6,536	4,217	2,319	2,041	278	7.6
Total passenger revenue	32,511	20,236	12,275	11,252	1,023	6.0
Cargo	1,167	832	335	329	6	0.8
Special revenue item	107	—	107	19	88	NM
Other operating revenue	3,325	2,257	1,068	1,012	56	2.8
	<u>\$ 37,110</u>	<u>\$ 23,325</u>	<u>\$ 13,785</u>	<u>\$ 12,612</u>	<u>\$ 1,173</u>	<u>5.9</u>

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The table below presents selected UAL passenger revenue and selected operating data based on geographic region (regional flights consist primarily of domestic routes):

	Increase (decrease) in 2011 from 2010 (a):						
	Domestic	Pacific	Atlantic	Latin	Total Mainline	Regional	Consolidated
Passenger revenue (in millions)	\$ 231	\$ 183	\$ 143	\$ 188	\$ 745	\$ 278	\$ 1,023
Passenger revenue	3.2 %	6.0 %	5.2 %	39.0 %	5.6 %	7.6 %	6.0 %
Average fare per passenger	13.1 %	8.9 %	5.8 %	1.6 %	13.0 %	13.7 %	12.9 %
Yield	9.8 %	6.2 %	6.3 %	8.7 %	8.4 %	7.2 %	8.4 %
PRASM	11.7 %	3.0 %	3.5 %	6.3 %	7.9 %	7.7 %	8.0 %
Average stage length	3.1 %	1.6 %	(2.4)%	(5.1)%	5.2 %	5.7 %	4.9 %
Passengers	(8.7)%	(2.7)%	(0.6)%	36.8 %	(6.5)%	(5.4)%	(6.1)%
RPMs (traffic)	(6.0)%	(0.2)%	(1.1)%	27.9 %	(2.7)%	0.3 %	(2.2)%
ASMs (capacity)	(7.6)%	2.8 %	1.7 %	30.8 %	(2.2)%	(0.1)%	(1.9)%
Passenger load factor (points)	1.5 pts.	(2.5) pts.	(2.2) pts.	(1.8) pts.	(0.4) pts.	0.4 pts.	(0.3) pts.

(a) See Item 6 for the definition of these statistics.

Excluding the impact of the Merger, passenger revenue in 2011 increased approximately \$1 billion, or 6%, as compared to 2010. These increases were due to increases of 12.9% and 8.4% in average fare per passenger and yield, respectively, over the same period primarily due to year-over-year capacity discipline, which in turn resulted in improved pricing and higher average fares. Traffic and capacity decreased approximately 2.2% and 1.9%, respectively, while passenger revenue per available seat mile increased approximately 8% in 2011 as compared to 2010. Average fares were also higher in 2011 as compared to 2010 due to fare increases implemented in response to higher fuel prices.

Excluding the impact of the Merger, revenue also increased in 2011 as a result of certain accounting changes as described in Note 2 to the financial statements in Item 8 of this report. In conjunction with these changes, the Company recorded a special adjustment to decrease frequent flyer deferred revenue and increase revenue by \$88 million in connection with a modification to the Co-Brand Agreement with Chase.

Operating Expense

The table below includes data related to UAL's operating expense for the year ended December 31 (in millions, except percentage changes):

	2011	2010	\$ Change	\$ Increase due to Merger	\$ Change Excluding Merger Impact	% Change Excluding Merger Impact
Aircraft fuel	\$12,375	\$ 6,687	\$ 5,688	\$ 4,308	\$ 1,380	24.2
Salaries and related costs	7,652	5,002	2,650	2,619	31	0.7
Regional capacity purchase	2,403	1,812	591	628	(37)	(2.3)
Landing fees and other rent	1,928	1,307	621	669	(48)	(4.5)
Aircraft maintenance materials and outside repairs	1,744	1,115	629	460	169	17.2
Depreciation and amortization	1,547	1,079	468	449	19	2.1
Distribution expenses	1,435	912	523	532	(9)	(1.2)
Aircraft rent	1,009	500	509	512	(3)	(0.9)
Special charges	592	669	(77)	(42)	(35)	NM
Other operating expenses	4,603	3,266	1,337	1,505	(168)	(6.2)
	<u>\$35,288</u>	<u>\$22,349</u>	<u>\$ 12,939</u>	<u>\$ 11,640</u>	<u>\$ 1,299</u>	6.9

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Excluding the impact of the Merger, operating expenses increased approximately \$1.3 billion, or 6.9%, in 2011 as compared to 2010.

The significant increase in aircraft fuel expense was primarily attributable to a 27% increase in fuel prices offset by a 2.2% decrease in fuel consumption.

Salaries and related costs increased \$31 million, or 0.7%, due to higher pay rates and a one-time signing bonus for certain labor groups.

Landing fees and other rent decreased \$48 million, or 4.5%, primarily due to higher than anticipated credits (refunds) received in 2011 as a result of airports' audits of prior period payment.

Aircraft maintenance materials and outside repairs increased \$169 million, or 17.2%, primarily due to increased power by the hour rates and a higher number of service events.

Other operating expenses decreased \$168 million, or 6.2%, primarily due to aircraft redeployment as a result of the Merger.

The table below presents integration and Merger-related costs and special items incurred by UAL during the years ended December 31 (in millions):

	<u>2011</u>	<u>2010</u>
Integration and Merger-related costs	\$517	\$564
Termination of maintenance service contract	58	—
Intangible asset impairments	4	29
Aircraft impairment	—	136
Goodwill impairment credit	—	(64)
Other	13	4
Total special items	592	669
Tax benefit on intangible asset impairments	(2)	(12)
Total special items, net of tax	<u>\$590</u>	<u>\$657</u>

Integration and Merger-related costs include compensation costs related to systems integration and training, costs to repaint aircraft in the new livery and other branding activities, costs to write-off or accelerate depreciation on systems and facilities that are no longer used or planned to be used for significantly shorter periods, severance primarily associated with administrative headcount reductions and a charge related to the Company's obligation to issue 8% Notes. See Notes 1 and 21 to the financial statements included in Item 8 of this report for additional information related to special items.

Nonoperating Income (Expense)

The following table illustrates the year-over-year dollar and percentage changes in UAL's nonoperating income (expense) (in millions, except percentage changes):

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>\$ Increase (decrease) due to Merger</u>	<u>\$ Change Excluding Merger Impact</u>	<u>% Change Excluding Merger Impact</u>
Interest expense	\$(949)	\$(798)	\$ 151	\$ 256	\$ (105)	(14.7)
Interest capitalized	32	15	17	13	4	36.4
Interest income	20	15	5	7	(2)	(16.7)
Miscellaneous, net	(80)	45	(125)	(74)	(51)	NM
Total	<u>\$(977)</u>	<u>\$(723)</u>	<u>\$ 254</u>	<u>\$ 310</u>	<u>\$ (56)</u>	<u>(8.7)</u>

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Excluding the impact of the Merger, nonoperating expense decreased \$56 million, or 8.7%, in 2011 as compared to 2010, which was primarily due to the pay down of debt obligations in 2011.

United and Continental - Results of Operations - 2012 Compared to 2011

United and Continental's *Management's Discussion and Analysis of Financial Condition and Results of Operations* have been abbreviated pursuant to General Instructions I(2)(a) of Form 10-K.

United

The following table presents information related to United's results of operations for the year ended December 31 (in millions, except percentage changes):

	2012	2011	% Change
Passenger revenue	\$ 17,592	\$ 18,088	(2.7)
Cargo and other revenue	3,369	3,067	9.8
Total operating revenue	<u>\$ 20,961</u>	<u>\$ 21,155</u>	(0.9)
Aircraft fuel	\$ 7,430	\$ 7,080	4.9
Salaries and related costs	4,234	4,172	1.5
Regional capacity purchase	1,507	1,574	(4.3)
Landing fees and other rent	1,030	1,028	0.2
Aircraft maintenance materials and outside repairs	1,163	1,160	0.3
Depreciation and amortization	930	921	1.0
Distribution expenses	684	748	(8.6)
Aircraft rent	313	323	(3.1)
Special charges	984	433	NM
Other operating expenses	3,390	2,829	19.8
Total operating expense	<u>\$ 21,665</u>	<u>\$ 20,268</u>	6.9
Operating income (loss)	\$ (704)	\$ 887	NM
Nonoperating expense	(475)	(603)	(21.2)
RPMs	112,955	116,078	(2.7)
ASMs	136,063	139,815	(2.7)

United had an operating loss of \$704 million in 2012 as compared to operating income of \$887 million in 2011.

As compared to 2011, United's consolidated revenue decreased \$194 million, or 0.9%, to \$21 billion during 2012. These decreases were due to a decline in capacity in 2012 as compared to the same period in 2011 in addition to a one-time special revenue item in 2011, as discussed in UAL's results of operations above. United's traffic and capacity both decreased approximately 2.7%, while passenger revenue per available seat mile remained flat. Average fares were also higher due to fare increases implemented in response to higher fuel prices. In addition, the Company sold aircraft fuel to a third party, which is earnings-neutral but results in revenue and expense, specifically cost of sale which is unrelated to the operation of the airline. United also had fuel sales to Continental that are eliminated upon consolidation of UAL's financial results.

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Expense allocations between United and Continental are based on metrics that are systematic and rational; however, the amounts allocated for 2012 and 2011 may not be representative of the actual expenses incurred. See Note 20 to the financial statements included in Item 8 of this report for additional information.

United's operating expenses increased approximately \$1.4 billion, or 6.9%, in 2012 as compared to 2011, which was primarily due to the following:

- An increase of approximately \$350 million, or 4.9%, in aircraft fuel expense, which was primarily driven by volatility in market prices for aircraft fuel, as highlighted in the fuel table in 2012 compared to 2011 - Operating Expense, above;
- An increase of \$62 million, or 1.5%, in salaries and related costs which was primarily driven by new collective bargaining agreements for the Company's pilots, flight attendants and mechanics;
- A decrease of \$64 million, or 8.6%, in distribution expenses due to lower credit card discount fees driven by legislation reducing costs on debit card sales and lower volumes on global distributions systems fees paid in 2012 as compared to 2011;
- An increase of \$551 million in special charges in 2012 as compared to the year-ago period primarily due to modification of the Company's obligations to the PBGC, the United and Continental pilots' ratification of a new joint collective bargaining agreement with the Company and voluntary severance; and
- An increase of \$561 million, or 19.8%, in other operating expenses in 2012 as compared to the year-ago period primarily due to the cost of fuel sales to Continental that are eliminated upon consolidation of the Company's financial results, additional trip interruption costs, hotel and per diem expenses, personnel-related expenses and additional denied boarding costs.

United's nonoperating expense decreased \$128 million, or 21.2%, in 2012 as compared to 2011, which was primarily due to the pay down of debt obligations in 2012 and 2011.

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Continental

The following table presents information related to Continental's results of operations for the year ended December 31 (in millions, except percentage changes):

(In millions)	2012	2011	% Change
Operating Revenue:			
Passenger revenue	\$ 14,991	\$ 14,417	4.0
Cargo and other revenue	1,984	1,758	12.9
Total operating revenue	<u>\$ 16,975</u>	<u>\$ 16,175</u>	4.9
Operating Expense:			
Aircraft fuel	\$ 5,709	\$ 5,294	7.8
Salaries and related costs	3,559	3,405	4.5
Regional capacity purchase	963	830	16.0
Landing fees and other rent	902	900	0.2
Aircraft maintenance materials and outside repairs	654	595	9.9
Depreciation and amortization	592	626	(5.4)
Distribution expenses	668	688	(2.9)
Aircraft rent	680	686	(0.9)
Special charges	339	159	NM
Other operating expenses	2,155	2,042	5.5
Total operating expense	<u>\$ 16,221</u>	<u>\$ 15,225</u>	6.5
Operating income	\$ 754	\$ 950	(20.6)
Nonoperating expense	(232)	(387)	(40.1)
RPMs	92,530	91,453	1.2
ASMs	112,797	112,713	0.1

Continental's operating income was \$754 million and \$950 million in the 2012 and 2011 period, respectively. Continental's consolidated revenue increased 4.9% in 2012 as compared to the 2011 period. These improvements were largely due to increases in regional flying, sales of miles to third parties, and intercompany transactions that are eliminated upon consolidation of the Company's financial results, offset by decreases in cargo revenue, as compared to the same period in 2011.

Expense allocations between United and Continental are based on metrics that are systematic and rational; however, the amounts allocated for 2012 and 2011 may not be representative of the actual expenses incurred. See Note 20 to the financial statements included in Item 8 of this report for additional information.

Continental's operating expenses increased approximately \$996 million, or 6.5%, in 2012 compared to 2011, which was primarily due to the following:

- Aircraft fuel expense increased \$415 million, or 7.8%, in 2012 as compared to 2011, primarily driven by volatility in market prices for aircraft fuel. Continental had fuel hedge losses of \$65 million in 2012 as compared to fuel hedge gains of \$86 million in 2011. Continental's increase in aircraft fuel expense is relatively consistent with UAL's increased cost of fuel summarized in the tables above;

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- Regional capacity purchase expense increased \$133 million, or 16%, in 2012 as compared to the year-ago period due to a contractual amendment with one of our regional carrier partners to shift the arrangement from a prorate agreement to a capacity purchase agreement;
- Aircraft maintenance materials and outside repairs increased by \$59 million, or 9.9%, in 2012 as compared to the combined 2011 period, primarily due to increased rates and volume on aircraft engine maintenance;
- An increase of \$180 million in special charges in 2012 as compared to the year-ago period primarily due to United and Continental pilots' ratification of a new joint collective bargaining agreement with the Company; and
- Other operating expenses increased by \$113 million, or 5.5%, in 2012 primarily due to aircraft redeployment as a result of the Merger and additional trip interruption costs, hotel and per diem expenses, personnel-related expenses, and additional denied boarding costs.

Nonoperating expense includes a \$1 million loss from fuel hedge ineffectiveness in 2012 as compared to a \$38 million loss from fuel hedge ineffectiveness in the year ago period. Continental's nonoperating expense also includes a net gain of \$42 million associated with marking to market the fair value of derivative assets and liabilities related to agreements that provide for Continental's convertible debt to be settled with UAL common stock. This net gain and related derivatives are reflected only in the Continental stand-alone financial statements. See Note 12 to the financial statements included in Item 8 of this report for additional information.

Liquidity and Capital Resources

As of December 31, 2012, UAL had \$6.5 billion in unrestricted cash, cash equivalents and short-term investments, a decrease of \$1.2 billion from December 31, 2011. The Company also has a \$500 million undrawn Credit and Guaranty Agreement (the "Revolving Credit Facility") as of December 31, 2012. As of December 31, 2012, UAL had \$447 million of restricted cash and cash equivalents, which is primarily collateral for performance bonds, letters of credit, credit card processing agreements and estimated future workers' compensation claims. We may be required to post significant additional cash collateral to provide security for obligations that are not currently backed by cash. Restricted cash and cash equivalents at December 31, 2011 totaled \$569 million. As of December 31, 2012, United had cash collateralized \$77 million of letters of credit, most of which had previously been issued and collateralized under the provisions of the Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007 (the "Amended Credit Facility"). As of December 31, 2012, the Company had all of its commitment capacity under its \$500 million Revolving Credit Facility available for letters of credit or borrowings.

As is the case with many of our principal competitors, we have a high proportion of debt compared to capital. We have a significant amount of fixed obligations, including debt, aircraft leases and financings, leases of airport property and other facilities and pension funding obligations. At December 31, 2012, UAL had approximately \$13.2 billion of debt and capital lease obligations, including \$1.9 billion that are due within the next 12 months. In addition, we have substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft and related spare engines. The Company had principal payments of debt and capital lease obligations totaling \$1.5 billion in 2012.

The Company will continue to evaluate opportunities to repurchase its debt in open market transactions to reduce its indebtedness and the amount of interest paid on its indebtedness.

As of December 31, 2012, UAL had firm commitments to purchase 100 Boeing 737 MAX 9 aircraft scheduled for delivery from 2018 through 2022. UAL also had options to purchase an additional 100 Boeing 737 MAX 9 aircraft. UAL had the right, and intends in the future, to assign its interest under the purchase agreement for the 737 MAX 9 aircraft with respect to one or more of the aircraft to either United or Continental.

As of December 31, 2012, United had firm commitments to purchase 100 new aircraft (25 Boeing 787 aircraft, 50 Boeing 737-900ER aircraft and 25 Airbus A350XWB aircraft) scheduled for delivery from 2013 through

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2020. United also had options and purchase rights for additional aircraft. In 2013, United expects to take delivery of ten Boeing 737-900ER aircraft.

As of December 31, 2012, Continental had firm commitments to purchase 47 new aircraft (23 Boeing 737 aircraft and 24 Boeing 787 aircraft) scheduled for delivery from January 1, 2013 through 2016. Continental also had options to purchase 74 Boeing aircraft. In 2013, Continental expects to take delivery of 14 Boeing 737-900ER aircraft and two Boeing 787-8 aircraft.

As of December 31, 2012, Continental had arranged for enhanced equipment trust certificate (“EETC”) financing of 14 Boeing 737-900ER aircraft and one Boeing 787-8 aircraft scheduled for delivery from January through July 2013. In addition, United had secured backstop financing commitments from its widebody aircraft and engine manufacturers for a limited number of its future aircraft deliveries, subject to certain customary conditions. However, UAL and United do not have backstop financing or any other financing currently in place for their firm narrowbody aircraft orders with Boeing, and Continental does not have backstop financing or any other financing currently in place for its other Boeing aircraft on order. Financing will be necessary to satisfy the Company’s capital commitments for its firm order aircraft and other related capital expenditures. The Company can provide no assurance that any financing not already in place for aircraft and spare engine deliveries will be available to the Company on acceptable terms when necessary or at all. See Notes 14 and 17 to the financial statements included in Item 8 of this report for additional information.

For 2013, the Company expects to make approximately \$2.5 billion of gross capital expenditures (\$1.4 billion net of anticipated financings, including net purchase deposits).

As of December 31, 2012, a substantial portion of UAL’s assets, principally aircraft, spare engines, aircraft spare parts, route authorities and certain other intangible assets, was pledged under various loan and other agreements. See Note 14 to the financial statements included in Item 8 of this report for additional information on assets provided as collateral by the Company.

Although access to the capital markets improved in 2012 and 2011, as evidenced by our financing transactions in both years, we cannot give any assurances that we will be able to obtain additional financing or otherwise access the capital markets in the future on acceptable terms, or at all. We must sustain our profitability and/or access the capital markets to meet our significant long-term debt and capital lease obligations and future commitments for capital expenditures, including the acquisition of aircraft and related spare engines.

The following is a discussion of UAL’s sources and uses of cash from 2010 to 2012. As UAL applied the acquisition method of accounting to the Merger, UAL’s cash activities discussed below include Continental’s activities only after October 1, 2010.

Cash Flows from Operating Activities

2012 compared to 2011

UAL’s cash from operating activities decreased by \$1.5 billion in 2012, as compared to 2011. Cash from operations declined due to the Company’s net loss position and the reduction of frequent flyer deferred revenue and advanced purchase of miles by \$712 million in 2012.

2011 compared to 2010

UAL’s cash from operating activities increased by \$501 million in 2011, as compared to 2010. Cash from operations improved due to the Company’s improved operational performance in 2011. The Company’s increased revenues were offset in part by higher cash operating expenses resulting from the Merger, including fuel and aircraft maintenance expense.

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Cash Flows from Investing Activities

2012 compared to 2011

UAL's capital expenditures, including aircraft purchase deposits, were \$2 billion and \$840 million in 2012 and 2011, respectively. UAL's capital expenditures for 2012 were primarily attributable to the purchase of new Boeing aircraft and other fleet-related expenditures to improve the onboard experience of our existing aircraft.

UAL increased its short-term investments, net of proceeds, by \$245 million in 2012 in order to improve interest income.

2011 compared to 2010

UAL's capital expenditures, including aircraft purchase deposits, were \$840 million and \$416 million in 2011 and 2010, respectively. Approximately half of the capital expenditures in 2011 related to aircraft upgrades across the Company's fleet for its international premium travel product as well as various facility and ground equipment projects. Some of these capital expenditures relate to improvements to assets as a result of the Merger. Also, in 2011, the Company purchased nine aircraft that were operated under leases for \$88 million and were immediately sold to third parties upon acquisition for proceeds of \$72 million.

In December 2011, United cash collateralized \$194 million of its letters of credit that had previously been issued and collateralized under the Amended Credit Facility, resulting in an increase in restricted cash.

UAL increased its short-term investments, net of proceeds, by \$898 million in 2011 as compared to 2010. This was primarily due to the placement of additional funds with outside money managers and movement of liquid assets from cash to short-term investments. United's short-term investments, net of proceeds, increased by \$269 million while Continental's short-term investments, net of proceeds, increased by \$629 million in 2011 as compared to 2010.

Cash Flows from Financing Activities

Significant financing events in 2012 were as follows:

- In March 2012, Continental created two pass-through trusts that issued an aggregate principal amount of \$892 million of pass-through certificates. Continental received all \$892 million in proceeds raised by the pass-through trusts as of December 31, 2012 in exchange for Continental's issuance of an equivalent principal amount of equipment notes, which has been recorded as debt. The proceeds were used to fund the acquisition of new aircraft, and in the case of currently owned aircraft, for general corporate purposes;
- In October 2012, Continental created two pass-through trusts, one of which issued \$712 million aggregate principal amount of Class A pass-through certificates with a stated interest rate of 4% and the second of which issued \$132 million aggregate principal amount of Class B pass-through certificates with a stated interest rate of 5.5%. The proceeds of the issuance of the Class A and Class B pass-through certificates, which amounted to \$844 million, are used to purchase equipment notes issued by Continental. Of the \$844 million in proceeds raised by the pass-through trusts, Continental received \$293 million as of December 31, 2012. Continental expects to receive the remaining proceeds from the issuance during the first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trusts. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates. The proceeds have been and are expected to be used to fund the acquisition of new aircraft;
- In December 2012, Continental created one pass-through trust which issued \$425 million aggregate principal amount of Class C pass-through certificates with a stated interest rate of 6.125%. The proceeds of the issuance of the Class C pass-through certificates are used to purchase equipment notes issued by Continental related to the aircraft financed in both the March and October 2012 EETC financings. Of the \$425 million in proceeds raised by the pass-through trust, Continental received \$278 million as of December 31, 2012. Continental expects to receive the remaining proceeds from the issuance during the

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first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trust. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates;

- During the year ended December 31, 2012, UAL made debt and capital lease payments of \$1.5 billion, including prepayments. These payments include \$195 million related to Continental's Series 2002-1 EETCs; and
- In August 2012, the New Jersey Economic Development Authority (the "Authority") issued approximately \$101 million of special facility revenue bonds (the "2012 Bonds") to provide funds for the defeasance of approximately \$100 million of the Authority's previously issued and outstanding special facility revenue bonds maturing on September 15, 2012 (the "Refunded Bonds"). The Refunded Bonds were guaranteed by Continental and payable from certain rental payments made by Continental pursuant to two lease agreements between the Authority and Continental. The 2012 Bonds are payable from certain loan repayments made by Continental under a loan agreement between Continental and the Authority. The 2012 Bonds are recorded by Continental as unsecured long-term debt.

Significant financing events in 2011 were as follows:

- The Company entered into a \$500 million Revolving Credit Facility with a syndicate of banks, led by Citibank, N.A., as administrative agent. The facility was undrawn at December 31, 2012 and has an expiration date of January 30, 2015. It is secured by take-off and landing slots at Newark Liberty International Airport, LaGuardia Airport and Reagan National Airport and certain other assets of United and Continental. The Company terminated its prior \$255 million revolver under the Amended Credit Facility on December 21, 2011. As of December 31, 2012, the Company had all of its commitment capacity under the Revolving Credit Facility available for letters of credit or borrowings;
- During 2011, UAL made debt and capital lease payments of \$2.6 billion. These payments include \$150 million related to the repurchase of UAL's 5% Senior Convertible Notes and \$570 million related to the repurchase of UAL's 4.5% Senior Limited-Subordination Convertible Notes; and
- Continental received \$239 million in 2011 from its December 2010 pass-through trust financing. The proceeds were used to fund the acquisition of new aircraft and in the case of the currently owned aircraft, for general corporate purposes.

Significant financing events in 2010 were as follows:

- In January 2010, United issued \$500 million of the United Senior Secured Notes due 2013 and \$200 million of the United Senior Second Lien Notes due 2013, which were secured by United's route authority to operate between the United States and Japan and beyond Japan to points in other countries, certain airport takeoff and landing slots and airport gate leaseholds utilized in connection with these routes;
- In January 2010, United issued the remaining \$1.3 billion in principal amount of the equipment notes relating to the Series 2009-1 and 2009-2 EETCs. Issuance proceeds of approximately \$1.1 billion were used to repay the Series 2000-2 and 2001-1 EETCs and the remaining proceeds were used for general corporate purposes;
- In December 2010, Continental issued approximately \$427 million of Series 2010-1 Class A and Class B pass-through certificates through two pass-through trusts. In December 2010, Continental issued \$188 million in principal amount of equipment notes relating to its December 2010 pass-through trust financing. Continental used \$90 million of the proceeds for general corporate purposes and \$98 million of the proceeds to purchase three new Boeing 737 aircraft. The proceeds used to purchase the three new Boeing 737 aircraft were accounted for as a noncash investing and financing activity; and
- In 2010, United acquired six aircraft through the exercise of its lease purchase options. Aircraft lease deposits of \$236 million provided financing cash that was primarily utilized by United to make the final payments due under these capital lease obligations.

For additional information regarding these matters and other liquidity events, see Notes 5, 14 and 15 to the financial statements included in Item 8 of this report.

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Credit Ratings. As of the filing date of this report, UAL, United and Continental had the following corporate credit ratings:

	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>
UAL	B	B2	B
United	B	B2	B
Continental	B	B2	B

These credit ratings are below investment grade levels. Downgrades from these rating levels, among other things, could restrict the availability and/or increase the cost of future financing for the Company.

Other Liquidity Matters

Below is a summary of additional liquidity matters. See the indicated notes to our consolidated financial statements contained in Item 8 of this report for additional details related to these and other matters affecting our liquidity and commitments.

Pension and other postretirement benefit obligations	Note 9
Hedging activities	Note 13
Long-term debt	Note 14
Operating leases	Note 15
Regional capacity purchase agreements	Note 15
Commitments and contingencies	Note 17

Covenants. Certain of the Company's financing agreements have covenants that impose certain operating and financial restrictions, as applicable, on the Company, on United and its material subsidiaries, or on Continental and its subsidiaries.

Among other covenants, UAL, United and certain of United's subsidiaries are guarantors under the Amended Credit Facility and are required to maintain the minimum of the following as set forth below:

Unrestricted cash balance at all times (as defined in the Amended Credit Facility)	\$1.0 billion
Ratio of collateral value to debt obligations (that may increase if a specified dollar value of the route collateral is released)	1.5 to 1.0
Fixed charge coverage ratio for twelve month periods measured at the end of each calendar quarter	1.5 to 1.0

Additionally, the Revolving Credit Facility requires the Company to maintain the minimum of the following as set forth below:

Unrestricted liquidity at all times (includes unrestricted cash, short term investments and any undrawn amounts under any revolving credit facility)	\$3.0 billion
Ratio of appraised value of collateral to the outstanding obligations under the Revolving Credit Facility	1.67 to 1.0

Among other covenants, the indenture governing Continental's 6.75% Senior Secured Notes due 2015 (the "Senior Notes") requires the issuer to maintain a minimum ratio of collateral value to debt obligations as of certain reference periods. If the value of the collateral underlying the Senior Notes declines such that Continental no longer maintains the minimum required ratio of collateral value to debt obligations, Continental may be required to pay additional interest at the rate of 2% per annum, provide additional collateral to secure the noteholders' lien or repay a portion of the Senior Notes.

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The amended and restated indenture for the New PBGC Notes, which are unsecured, contains covenants that, among other things, restrict the ability of UAL and its subsidiaries to incur additional indebtedness and pay dividends on or repurchase stock. These covenants cease to be in effect when the indenture covering the Senior Notes is discharged. However, if UAL at that time or thereafter has a series of public debt securities with a principal amount of \$300 million or more that has the benefit of covenants that are substantially similar to those contained in the indenture for the New PBGC Notes, then subject to certain conditions and upon written request of the PBGC to UAL, UAL and United will use commercially reasonable efforts to amend the indenture for the New PBGC Notes to include such covenants.

A breach of certain of the covenants or restrictions contained in the Amended Credit Facility, the Revolving Credit Facility, the indenture governing the Senior Notes or certain other debt instruments could result in a default and a subsequent acceleration of the applicable debt obligations. The indenture governing the Senior Notes contains a cross-default provision that would be triggered if Continental were to fail to make payment when due with respect to certain obligations regarding frequent flyer miles purchased by Chase under the Company's Co-Brand Agreement. The Revolving Credit Facility includes events of default customary for similar financings. In addition, the Amended Credit Facility and the Revolving Credit Facility contain cross-default and/or cross-acceleration provisions pursuant to which default and/or acceleration of certain other material indebtedness of the Company could result in a default under the Amended Credit Facility, the Revolving Credit Facility, or both.

The Company has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of the Company's credit card processing agreements, the financial institutions either require, or under certain circumstances have the right to require, that the Company maintains a reserve equal to a portion of advance ticket sales that has been processed by that financial institution, but for which the Company has not yet provided the air transportation. Such financial institutions may require additional cash or other collateral reserves to be established or additional withholding of payments related to receivables collected if the Company does not maintain certain minimum levels of unrestricted cash, cash equivalents and short term investments. The Company's current level of unrestricted cash, cash equivalents and short term investments is substantially in excess of these minimum levels.

Capital Commitments and Off-Balance Sheet Arrangements. The Company's business is capital intensive, requiring significant amounts of capital to fund the acquisition of assets, particularly aircraft. In the past, the Company has funded the acquisition of aircraft through outright purchase, by issuing debt, by entering into capital or operating leases, or through vendor financings. The Company also often enters into long-term lease commitments with airports to ensure access to terminal, cargo, maintenance and other required facilities.

The table below provides a summary of UAL's material contractual obligations as of December 31, 2012 (in billions):

	2013	2014	2015	2016	2017	After 2017	Total
Long-term debt (a)	\$1.8	\$2.1	\$2.0	\$1.0	\$0.5	\$ 5.0	\$12.4
Capital lease obligations—principal portion	0.1	0.1	0.1	0.1	0.1	0.4	0.9
Total debt and capital lease obligations	1.9	2.2	2.1	1.1	0.6	5.4	13.3
Interest on debt and capital lease obligations (b)	0.7	0.6	0.6	0.4	0.3	2.0	4.6
Aircraft operating lease obligations	1.5	1.5	1.2	1.0	0.9	1.4	7.5
Capacity purchase agreements (c)	1.8	1.6	1.4	1.2	1.2	2.3	9.5
Other operating lease obligations	1.1	1.0	0.8	0.7	0.7	5.4	9.7
Postretirement obligations (d)	0.1	0.1	0.2	0.2	0.2	0.9	1.7
Pension obligations (e)	0.2	0.1	0.2	0.2	0.2	1.2	2.1
Capital purchase obligations (f)	1.8	1.5	2.0	3.0	2.5	7.1	17.9
Total contractual obligations	\$9.1	\$8.6	\$8.5	\$7.8	\$6.6	\$25.7	\$66.3

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- (a) Long-term debt presented in UAL's financial statements is net of a \$152 million debt discount which is being amortized over the debt terms. Contractual payments are not net of the debt discount. Contractual long-term debt includes \$83 million of non-cash obligations as these debt payments are made directly to the creditor by a company that leases three aircraft from United. The creditor's only recourse to United is repossession of the aircraft.
- (b) Includes interest portion of capital lease obligations of \$92 million in 2013, \$81 million in 2014, \$63 million in 2015, \$57 million in 2016, \$37 million in 2017 and \$210 million thereafter. Future interest payments on variable rate debt are estimated using estimated future variable rates based on a yield curve.
- (c) Represents our estimates of future minimum noncancelable commitments under our capacity purchase agreements and does not include the portion of the underlying obligations for aircraft and facility rent that is disclosed as part of aircraft and nonaircraft operating leases. Amounts also exclude a portion of United's capital lease obligation recorded for certain of its capacity purchase agreements. See Note 15 to the financial statements included in Item 8 of this report for the significant assumptions used to estimate the payments.
- (d) Amounts represent postretirement benefit payments, net of subsidy receipts, through 2022. Benefit payments approximate plan contributions as plans are substantially unfunded.
- (e) Represents estimate of the minimum funding requirements as determined by government regulations for Continental plans only, as the United plans are not material. Amounts are subject to change based on numerous assumptions, including the performance of assets in the plan and bond rates. See *Critical Accounting Policies*, below, for a discussion of our assumptions regarding UAL's pension plans.
- (f) Represents contractual commitments for firm order aircraft and spare engines only, net of previously paid purchase deposits, and noncancelable commitments to purchase goods and services, primarily information technology support. See Note 17 to the financial statements included in Item 8 of this report for a discussion of our purchase commitments.

Contingencies

Continental EETCs.

In October 2012, Continental created two pass-through trusts, one of which issued \$712 million aggregate principal amount of Class A pass-through certificates with a stated interest rate of 4% and the second of which issued \$132 million aggregate principal amount of Class B pass-through certificates with a stated interest rate of 5.5%. The proceeds of the issuance of the Class A and Class B pass-through certificates, which amounted to \$844 million, are used to purchase equipment notes issued by Continental. Of the \$844 million in proceeds raised by the pass-through trusts, Continental received \$293 million as of December 31, 2012, Continental expects to receive the remaining proceeds from the issuance during the first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trusts. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates. The proceeds have been and are expected to be used to fund the acquisition of new aircraft.

In December 2012, Continental created one pass-through trust which issued \$425 million aggregate principal amount of Class C pass-through certificates with a stated interest rate of 6.125%. The proceeds of the issuance of the Class C pass-through certificates are used to purchase equipment notes issued by Continental related to the aircraft financed in both the March and October 2012 EETC financings. Of the \$425 million in proceeds raised by the pass-through trusts, Continental had received \$278 million as of December 31, 2012. Continental expects to receive the remaining proceeds from the issuance during the first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trusts. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates.

The Company evaluated whether the pass-through trusts formed are variable interest entities ("VIEs") required to be consolidated by the Company under applicable accounting guidance, and determined that the pass-through trusts are VIEs. The Company determined that it does not have a variable interest in the pass-through trusts. The Company does not invest in or obtain a financial interest in the pass-through trusts. Rather, Continental has an obligation to make interest and principal payments on its equipment notes held by the pass-through trusts. The Company did not intend to have any voting or non-voting equity interest in the pass-through trusts or to absorb variability from the pass-through trusts. Based on this analysis, the Company determined that it is not required to consolidate the pass-through trusts.

Legal and Environmental. The Company has certain contingencies resulting from litigation and claims incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the information currently available, the views of legal counsel, the nature of contingencies to

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which the Company is subject and prior experience, that the ultimate disposition of the litigation and claims will not materially affect the Company's consolidated financial position or results of operations. The Company records liabilities for legal and environmental claims when a loss is probable and reasonably estimable. These amounts are recorded based on the Company's assessments of the likelihood of their eventual disposition.

Many aspects of the Company's operations are subject to increasingly stringent federal, state and local and international laws protecting the environment. Future environmental regulatory developments, such as climate change regulations in the U.S. and abroad, could adversely affect operations and increase operating costs in the airline industry.

There are certain laws and regulations relating to climate change that apply to the Company, including the European Union Emissions Trading Scheme (which is subject to international dispute), environmental taxes for certain international flights (including the United Kingdom's Air Passenger Duty and Germany's departure ticket tax), limited greenhouse gas reporting requirements, and the State of California's cap and trade regulations (which impacts United's San Francisco maintenance center). In addition, there are land-based planning laws that could apply to airport expansion projects, requiring a review of greenhouse gas emissions, and could affect airlines in certain circumstances.

Off-Balance Sheet Arrangements. An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (1) made guarantees, (2) a retained or a contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity, or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support, or that engages in leasing, hedging or research and development arrangements. The Company's primary off-balance sheet arrangements include operating leases, which are summarized in the contractual obligations table in *Capital Commitments and Off-Balance Sheet Arrangements*, above, and certain municipal bond obligations, as discussed below.

As of December 31, 2012, United had cash collateralized \$77 million of letters of credit, most of which had previously been issued under the Amended Credit Facility. United also had \$300 million of performance bonds. Continental had letters of credit and performance bonds relating to various real estate, customs and aircraft financing obligations at December 31, 2012 in the amount of approximately \$67 million. Most of the letters of credit have evergreen clauses and are expected to be renewed on an annual basis and the performance bonds have expiration dates through 2016.

As of December 31, 2012, United and Continental are the guarantors of approximately \$270 million and \$1.6 billion, respectively, in aggregate principal amount of tax-exempt special facilities revenue bonds and interest thereon. These bonds, issued by various airport municipalities, are payable solely from rentals paid under long-term agreements with the respective governing bodies. The leasing arrangements associated with a majority of these obligations are accounted for as operating leases and are not recorded in United's and Continental's financial statements. The leasing arrangements associated with a minority of these obligations are accounted for as capital leases. The annual lease payments for those obligations accounted for as operating leases are included in the operating lease payments in the contractual obligations table in *Capital Commitments and Off-Balance Sheet Arrangements*, above.

Increased Cost Provisions. In the Company's financing transactions that include loans, the Company typically agrees to reimburse lenders for any reduced returns with respect to the loans due to any change in capital requirements and, in the case of loans in which the interest rate is based on LIBOR, for certain other increased costs that the lenders incur in carrying these loans as a result of any change in law, subject in most cases to certain mitigation obligations of the lenders. At December 31, 2012, UAL had \$2.6 billion of floating rate debt (consisting of United's \$1.9 billion and Continental's \$658 million of debt) and \$347 million of fixed rate debt (consisting of United's \$186 million and Continental's \$161 million of debt), with remaining terms of up to ten years, that are subject to these increased cost provisions. In several financing transactions involving loans or leases from non-U.S. entities, with remaining terms of up to nine years and an aggregate balance of \$2.8 billion (consisting of United's \$2.1 billion and Continental's \$744 million balance), we bear the risk of any change in tax laws that would subject loan or lease payments thereunder to non-U.S. entities to withholding taxes, subject to customary exclusions.

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Fuel Consortia. The Company participates in numerous fuel consortia with other carriers at major airports to reduce the costs of fuel distribution and storage. Interline agreements govern the rights and responsibilities of the consortia members and provide for the allocation of the overall costs to operate the consortia based on usage. The consortia (and in limited cases, the participating carriers) have entered into long-term agreements to lease certain airport fuel storage and distribution facilities that are typically financed through tax-exempt bonds (either special facilities lease revenue bonds or general airport revenue bonds), issued by various local municipalities. In general, each consortium lease agreement requires the consortium to make lease payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. As of December 31, 2012, approximately \$1.3 billion principal amount of such bonds were secured by significant fuel facility leases in which UAL participates, as to which UAL and each of the signatory airlines have provided indirect guarantees of the debt. As of December 31, 2012, UAL's contingent exposure was approximately \$259 million principal amount of such bonds based on its recent consortia participation. As of December 31, 2012, United's and Continental's contingent exposure related to these bonds, based on its recent consortia participation, was approximately \$198 million and \$61 million, respectively. The Company's contingent exposure could increase if the participation of other air carriers decreases. The guarantees will expire when the tax-exempt bonds are paid in full, which range from 2014 to 2041. The Company did not record a liability at the time these indirect guarantees were made.

United and Continental - Cash Flows Activities - 2012 Compared to 2011

United

Operating Activities

United's cash from operating activities decreased by \$556 million in 2012 as compared to 2011. This year-over-year decrease was primarily due to United's net income being \$1.5 billion lower in 2012 than 2011 which was largely offset by an increase in advance ticket sales and receivables.

Investing Activities

United's capital expenditures, including aircraft purchase deposits, were \$791 million and \$470 million in 2012 and 2011, respectively. United's capital expenditures in 2012 related to upgrades to existing aircraft in addition to asset improvements to facilities and other ground equipment.

Financing Activities

United's significant financing activities in 2012 and 2011 are described in the above discussion of UAL's financing activities in *Liquidity and Capital Resources* and Note 14 to the financial statements in Item 8 of this report.

Continental

Operating Activities

Continental's cash from operating activities decreased by \$920 million in 2012 as compared to the 2011 period. This year-over-year decrease was primarily due to a decrease in receivables and advance ticket sales.

Investing Activities

Continental's capital expenditures, including aircraft purchase deposits, were \$1.2 billion and \$370 million in 2012 and 2011, respectively. Consistent with UAL's investing activities above, Continental's capital expenditures in 2012 relate to the purchase of new Boeing aircraft and other fleet-related expenditures to improve the onboard experience of our existing aircraft.

Financing Activities

Continental's significant financing activities in 2012 and 2011 are described in the above discussion of UAL's financing activities in *Liquidity and Capital Resources* and Note 14 to the financial statements in Item 8 of this report.

Critical Accounting Policies

Critical accounting policies are defined as those that are affected by significant judgments and uncertainties which potentially could result in materially different accounting under different assumptions and conditions. The Company has prepared the financial statements in conformity with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates under different assumptions or conditions. The Company has identified the following critical accounting policies that impact the preparation of the financial statements.

Passenger Revenue Recognition. The value of unused passenger tickets is included in current liabilities as advance ticket sales. The Company records passenger ticket sales and tickets sold by other airlines for use on United and Continental as passenger revenue when the transportation is provided or upon estimated breakage. Tickets sold by other airlines are recorded at the estimated values to be billed to the other airlines. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date.

Fees charged in association with changes or extensions to non-refundable tickets are recorded as other revenue at the time the fee is collected. The fare on the changed ticket, including any additional collection, is deferred and recognized in accordance with our transportation revenue recognition policy at the time the transportation is provided. Change fees related to non-refundable tickets are considered a separate transaction from the air transportation because they represent a charge for the Company's additional service to modify a previous sale. Therefore, the pricing of the change fee and the initial customer reservation are separately determined and represent distinct earnings processes. Refundable tickets expire after one year.

The Company records an estimate of breakage revenue for tickets that will expire in twelve months without usage. These estimates are based on the evaluation of actual historical results. The Company recognizes cargo and other revenue as service is provided. See separate discussion in *Frequent Flyer Accounting*, below.

Frequent Flyer Accounting

Frequent Flyer Accounting. The Company has a frequent flyer program that is designed to increase customer loyalty. Program participants earn mileage credits ("miles") by flying on United or Continental and certain other participating airlines. Program participants can also earn miles through purchases from other non-airline partners that participate in the Company's loyalty program. We sell miles to these partners, which include credit card issuers, retail merchants, hotels, car rental companies and our participating airline partners. Miles can be redeemed for free, discounted or upgraded air travel and non-travel awards. The Company records its obligation for future award redemptions using a deferred revenue model.

Miles Earned in Conjunction with Flights. In the case of the sale of air services, the Company recognizes a portion of the ticket sales as revenue when the air transportation occurs and defers a portion of the ticket sale representing the value of the related miles.

In accordance with ASU 2009-13, the Company determines the estimated selling price of the air transportation and miles as if each element is sold on a separate basis. The total consideration from each ticket sale is then allocated to each of these elements individually on a pro rata basis. The Company revised the estimated selling price of miles as a prospective change in estimate, effective January 1, 2012, and it is based on the price we sell miles to Star Alliance partners in our reciprocal frequent flyer agreements as the best estimate of selling price for these miles. Any changes to the composition of Star Alliance airline partners may result in the existing estimated selling price of air transportation miles no longer being representative of the best estimate of selling price and could result in a change to the amount and method we use to determine the estimated selling price. On February 14, 2013, US Airways announced an agreement to merge with AMR Corporation and its intent to exit Star Alliance as a result of such merger. We are currently unable to estimate the timing or amount of any changes to estimated selling price as a result of this merger.

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Co-branded Credit Card Partner Mileage Sales. United also has a significant contract to sell frequent flyer miles to its co-branded credit card partner, Chase. In June 2011, this contract was modified and the Company entered into the Co-Brand Agreement with Chase. The Company identified five revenue elements in the Co-Brand Agreement: the air transportation element represented by the value of the mile (generally resulting from its redemption for future air transportation); use of the United brand and access to frequent flyer member lists; advertising; baggage services; and airport lounge usage (together, excluding “the air transportation element”, the “marketing-related deliverables”).

The fair value of the elements is determined using management’s estimated selling price of each element. The objective of using the estimated selling price based methodology is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. Accordingly, we determine our best estimate of selling price by considering multiple inputs and methods including, but not limited to, discounted cash flows, brand value, volume discounts, published selling prices, number of miles awarded and number of miles redeemed. The Company estimated the selling prices and volumes over the term of the Co-Brand Agreement in order to determine the allocation of proceeds to each of the multiple elements to be delivered.

The estimated selling price of miles calculated is generally consistent with the methodology as described above in *Miles Earned in Conjunction with Flights*. United calculates its estimated selling price for miles based on the rate at which we sell miles to our Star Alliance partners participating in reciprocal frequent flyer programs as the estimated selling price for miles. Management prospectively applied this change in estimate effective January 1, 2012. The financial impact of this change in estimate in 2012 was substantially offset by the Company’s change in estimate of its breakage for a portion of its miles, which were previously not subject to an expiration policy. UAL accounts for miles sold and awarded that will never be redeemed by program members, which we referred to as “breakage,” using the redemption method. UAL reviews its breakage estimates annually based upon the latest available information regarding redemption and expiration patterns. The revised estimates to breakage in 2012 increased the estimate of miles in the population that are expected to ultimately expire.

The Company’s estimate of the expected expiration of miles requires significant management judgment. Current and future changes to expiration assumptions or to the expiration policy, or to program rules and program redemption opportunities, may result in material changes to the deferred revenue balance as well as recognized revenues from the programs.

The Company records passenger revenue related to the air transportation element when the transportation is delivered. The other elements are generally recognized as other operating revenue when earned.

The annual impact of adopting ASU 2009-13 on operating revenue will decrease over time. Our ability to project the annual decline for each year is significantly impacted by credit card sales volumes, frequent flyer redemption patterns, and other factors.

The following table summarizes information related to UAL’s and United’s frequent flyer deferred revenue liability:

Frequent flyer deferred revenue at December 31, 2012 (in millions)	\$ 5,120
% of miles earned expected to expire or go unredeemed	24%
Impact of 1% change in outstanding miles or weighted average ticket value on deferred revenue (in millions)	\$ 79

Goodwill and Indefinite-lived Intangible Assets. Goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment annually, as of October 1, or more frequently if events or circumstances indicate that the asset may be impaired. Long-lived assets are amortized over their estimated useful lives and are reviewed for impairment whenever an indicator of impairment exists.

Goodwill represents the excess purchase price over the fair value of Continental’s assets acquired and liabilities assumed in the Merger. All goodwill and other purchase accounting adjustments have been pushed down to Continental’s financial statements.

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Goodwill is measured for impairment by initially comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than the carrying value, a second step is performed to determine the implied fair value of goodwill. If the implied fair value of goodwill is lower than its carrying value, an impairment charge equal to the difference is recorded.

The Company has one consolidated reporting unit. In 2012, the Company estimated the fair value of the consolidated reporting unit using both an income and a market approach. The income approach computes fair value by discounting future cash flows of the business and is dependent on a number of critical management assumptions including estimates of future capacity, passenger yield, traffic, operating costs (including fuel prices), appropriate discount rates and other relevant assumptions. The market approach computes fair value by adding a control premium to the Company's market capitalization. The Company's fair value exceeded its carrying value under both approaches, and no goodwill impairment was recorded in 2012.

The Company is also required to assess the goodwill recorded on the separate financial statements of Continental for impairment. The fair value of Continental was determined by allocating a percentage of the fair value of the consolidated Company (as determined and described in the paragraph above). The percentage of the consolidated fair value allocated to Continental was based on a number of measures, including revenue share, available seat mile share, revenue passenger mile share and passenger share. Based on these criteria, this resulted in a fair value allocation of such assets to United and Continental of 54% and 46%, respectively. The fair value of Continental exceeded its carrying value, and no goodwill impairment was recorded as of December 31, 2012.

The Company's indefinite-lived intangible assets include certain international route authorities, take-off and landing slots at various airports, airline partner alliances and the UAL trade name and logo. The fair values of the assets for purposes of the annual impairment test were determined using the market and income approaches. The fair value measurements were primarily based on significant inputs that are not observable in the market. We utilized the market approach to value certain intangible assets such as airport take-off and landing slots when sufficient market information was available. The income approach was primarily used to value the international route authorities, airline partner alliances, the UAL trade name and logo, and certain airport take-off and landing slots. The income approach indicates value for a subject asset based on the present value of cash flows projected to be generated by the asset. Projected cash flows are discounted at a required market rate of return that reflects the relative risk of achieving the cash flows and the time value of money.

In most cases, these indefinite-lived assets are separately associated with and directly assignable to each separate subsidiary. Any impairment charges resulting from the testing of the fair values of these indefinite-lived intangible assets are also assigned to the applicable separate subsidiary.

UAL recorded impairment charges for indefinite-lived intangible assets of \$30 million, \$4 million and \$29 million during the years ended December 31, 2012, 2011 and 2010, respectively. During 2012 and 2011, Continental recorded impairment charges of \$30 million and \$4 million, respectively, on certain intangible assets related to European take-off and landing slots to reflect the estimated fair value of these assets as part of its annual impairment test of indefinite-lived intangible assets. In 2010, UAL recorded a \$29 million impairment of its Brazil routes primarily due to the open skies agreement between the United States and Brazil which may result in a decrease in revenue from these routes.

Long-Lived Assets. The net book value of operating property and equipment for UAL was \$17.3 billion and \$16.4 billion at December 31, 2012 and 2011, respectively. The assets' recorded value is impacted by a number of accounting policy elections, including the estimation of useful lives and residual values and, when necessary, the recognition of asset impairment charges.

The Company records assets acquired, including aircraft, at acquisition cost. Depreciable life is determined through economic analysis, such as reviewing existing fleet plans, obtaining appraisals and comparing estimated lives to other airlines that operate similar fleets. As aircraft technology has improved, useful life has increased and the Company has generally estimated the lives of those aircraft to be 30 years. Residual values are estimated based on historical experience with regard to the sale of both aircraft and spare parts and are established in

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conjunction with the estimated useful lives of the related fleets. Residual values are based on when the aircraft are acquired and typically reflect asset values that have not reached the end of their physical life. Both depreciable lives and residual values are revised periodically as facts and circumstances arise to recognize changes in the Company's fleet plan and other relevant information. A one-year increase in the average depreciable life of UAL's flight equipment would reduce annual depreciation expense on flight equipment by approximately \$50 million.

The Company evaluates the carrying value of long-lived assets and intangible assets subject to amortization whenever events or changes in circumstances indicate that an impairment may exist. For purposes of this testing, the Company has generally identified the aircraft fleet type as the lowest level of identifiable cash flows for purposes of testing aircraft for impairment. An impairment charge is recognized when the asset's carrying value exceeds its net undiscounted future cash flows and its fair market value. The amount of the charge is the difference between the asset's carrying value and fair market value.

Defined Benefit Plan Accounting. We sponsor defined benefit pension plans for eligible employees and retirees. The most critical assumptions impacting our defined benefit pension plan obligations and expenses are the weighted average discount rate and the expected long-term rate of return on the plan assets.

UAL's pension plans' under-funded status was \$2.4 billion at December 31, 2012, nearly all of which is attributable to Continental's plans. Funding requirements for tax-qualified defined benefit pension plans are determined by government regulations. We estimate that our minimum funding requirements for the Continental plans during 2012 is approximately \$200 million. The fair value of the plans' assets was \$2.2 billion at December 31, 2012, of which \$1.9 billion is attributed to assets of Continental's plans.

The following discussion relates only to the Continental plans, as the United plans are not material.

When calculating pension expense for 2013, Continental assumed that its plans' assets would generate a long-term rate of return of 7.75%. The expected long-term rate of return assumption was developed based on historical experience and input from the trustee managing the plans' assets. The expected long-term rate of return on plan assets is based on a target allocation of assets, which is based on a goal of earning the highest rate of return while maintaining risk at acceptable levels. Our projected long-term rate of return is slightly higher than some market indices due to the active management of our plans' assets, and is supported by the historical returns on our plans' assets. The plans strive to have assets sufficiently diversified so that adverse or unexpected results from one security class will not have an unduly detrimental impact on the entire portfolio. We regularly review actual asset allocation and the pension plans' investments are periodically rebalanced to the targeted allocation when considered appropriate.

The defined benefit pension plans' assets consist of return generating investments and risk mitigating investments which are held through direct ownership or through interests in common collective trusts. Return generating investments include primarily equity securities, fixed-income securities and alternative investments (e.g. private equity and hedge funds). Risk mitigating investments include primarily U.S. government and investment grade corporate fixed-income securities. The allocation of assets was as follows at December 31, 2012:

	<u>Percent of Total</u>	<u>Expected Long-Term Rate of Return</u>
Equity securities	47.0 %	9.5 %
Fixed-income securities	28.7	6.0
Alternatives	20.4	7.3
Other	3.9	3.8

Pension expense increases as the expected rate of return on plan assets decreases. Lowering the expected long-term rate of return on plan assets by 50 basis points (from 7.75% to 7.25%) would increase estimated 2013 pension expense by approximately \$10 million.

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Future pension obligations for the Continental plans were discounted using a weighted average rate of 4.25% at December 31, 2012. UAL selected the 2012 discount rate for each of its plans by using a hypothetical portfolio of high quality bonds at December 31, 2012 that would provide the necessary cash flows to match the projected benefit payments.

The pension liability and future pension expense both increase as the discount rate is reduced. Lowering the discount rate by 50 basis points (from 4.25% to 3.75%) would increase the pension liability at December 31, 2012 by approximately \$457 million and increase the estimated 2013 pension expense by approximately \$55 million.

Future changes in plan asset returns, plan provisions, assumed discount rates, pension funding law and various other factors related to the participants in our pension plans will impact our future pension expense and liabilities. We cannot predict with certainty what these factors will be in the future.

Actuarial gains or losses are triggered by changes in assumptions or experience that differ from the original assumptions. Under the applicable accounting standards for defined benefit pension plans, those gains and losses are not required to be recognized currently as pension benefit expense, but instead may be deferred as part of accumulated other comprehensive income and amortized into expense over the average remaining service life of the covered active employees. All gains and losses in accumulated other comprehensive income are amortized to expense over the remaining years of service of the covered active employees. At December 31, 2012 and 2011, UAL had unrecognized actuarial losses for pension benefit plans of \$826 million and \$231 million, respectively, recorded in accumulated other comprehensive income.

Other Postretirement Benefit Plan Accounting. United's postretirement plan provides certain health care benefits, primarily in the U.S., to retirees and eligible dependents, as well as certain life insurance benefits to certain retirees reflected as "Other Benefits." Continental's retiree medical programs permit retirees who meet certain age and service requirements to continue medical coverage between retirement and Medicare eligibility. Eligible employees are required to pay a portion of the costs of their retiree medical benefits, which in some cases may be offset by accumulated unused sick time at the time of their retirement. Plan benefits are subject to co-payments, deductibles, and other limits as described in the plans.

The Company accounts for other postretirement benefits by recognizing the difference between plan assets and obligations, or the plan's funded status, in its financial statements. Other postretirement benefit expense is recognized on an accrual basis over employees' approximate service periods and is generally calculated independently of funding decisions or requirements. The Company has not been required to pre-fund its plan obligations, which has resulted in a significant net obligation, as discussed below.

UAL's benefit obligation was \$2.7 billion and \$2.5 billion for the other postretirement benefit plans at December 31, 2012 and 2011, respectively. The year-over-year increase is due to changes in the assumptions used to value the obligation for UAL's plan, such as the decrease in the discount rate.

The calculation of other postretirement benefit expense and obligations requires the use of a number of assumptions, including the assumed discount rate for measuring future payment obligations and the health care cost trend rate. UAL determines the appropriate discount rate for each of its plans based on current rates on high quality corporate bonds that would generate the cash flow necessary to pay plan benefits when due. United's weighted average discount rate to determine its benefit obligations as of December 31, 2012 was 4.13%, as compared to 4.93% for December 31, 2011. Continental's weighted average discount rate to determine its benefit obligations as of December 31, 2012 was 3.97%, as compared to 4.78% for December 31, 2011. The health care cost trend rate assumed by United and Continental for 2012 was 7%, as compared to assumed trend rate for 2013 of 6.8%, declining to 5% in 2020. A 1% increase in assumed health care trend rates would increase UAL's total service and interest cost for the year ended December 31, 2012 by \$22 million; whereas, a 1% decrease in assumed health care trend rates would decrease UAL's total service and interest cost for the year ended December 31, 2012 by \$18 million, respectively. A one percentage point decrease in the weighted average discount rate would increase UAL's postretirement benefit liability by approximately \$336 million and increase the estimated 2012 benefits expense by approximately \$23 million.

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Actuarial gains or losses are triggered by changes in assumptions or experience that differ from the original assumptions. Under the applicable accounting standards for postretirement welfare benefit plans, those gains and losses are not required to be recognized currently as other postretirement expense, but instead may be deferred as part of accumulated other comprehensive income and amortized into expense over the average remaining service life of the covered active employees. All gains and losses in accumulated other comprehensive income are amortized to expense over the remaining years of service of the covered active employees. At December 31, 2012 and 2011, UAL had unrecognized actuarial gains/(losses) for postretirement welfare benefit plans of \$(79) million and \$33 million, respectively, recorded in accumulated other comprehensive income.

Income Taxes

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (including the reversals of deferred tax liabilities) during the periods in which those deferred tax assets will become deductible. The Company's management assesses available positive and negative evidence regarding the realizability of its deferred tax assets and records a valuation allowance when it is more likely than not that deferred tax assets will not be realized. To form a conclusion, management considers positive evidence in the form of reversing temporary differences, projections of future taxable income and tax planning strategies, and negative evidence such as recent history of losses. Although the Company was no longer in a three-year cumulative loss position at the end of 2012, management determined that the loss in 2012, the overall modest level of cumulative pretax income in the three years ended December 31, 2012 of 0.4% of total revenues in that period and the uncertainty associated with projecting future taxable income supported the conclusion that the valuation allowance was still necessary on net deferred assets. As a result of the loss sustained in 2012 and the need to complete final integration activities that produce synergies and overcome cost increases from new labor agreements, management's position is that sufficient positive evidence to support a reversal of the remaining valuation allowance does not exist and has retained a full valuation allowance on its deferred tax assets. Management will continue to evaluate future financial performance, as well as the impacts of special charges on such performance, to determine whether such performance provides sufficient evidence to support reversal of the valuation allowance.

Forward-Looking Information

Certain statements throughout Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and elsewhere in this report are forward-looking and thus reflect the Company's current expectations and beliefs with respect to certain current and future events and financial performance. Such forward-looking statements are and will be subject to many risks and uncertainties relating to the Company's operations and business environment that may cause actual results to differ materially from any future results expressed or implied in such forward-looking statements. Words such as "expects," "will," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook" and similar expressions are intended to identify forward-looking statements.

Additionally, forward-looking statements include statements which do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as required by applicable law.

The Company's actual results could differ materially from these forward-looking statements due to numerous factors including, without limitation, the following: its ability to comply with the terms of its various financing arrangements; the costs and availability of financing; its ability to maintain adequate liquidity; its ability to execute its operational plans; its ability to control its costs, including realizing benefits from its resource optimization efforts, cost reduction initiatives and fleet replacement programs; its ability to utilize its net operating losses; its ability to attract and retain customers; demand for transportation in the markets in which it operates; an outbreak of a disease that affects travel demand or travel behavior; demand for travel and the impact

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that global economic conditions have on customer travel patterns; excessive taxation and the inability to offset future taxable income; general economic conditions (including interest rates, foreign currency exchange rates, investment or credit market conditions, crude oil prices, costs of aircraft fuel and energy refining capacity in relevant markets); its ability to cost-effectively hedge against increases in the price of aircraft fuel; any potential realized or unrealized gains or losses related to fuel or currency hedging programs; the effects of any hostilities, act of war or terrorist attack; the ability of other air carriers with whom the Company has alliances or partnerships to provide the services contemplated by the respective arrangements with such carriers; the costs and availability of aviation and other insurance; industry consolidation or changes in airline alliances; competitive pressures on pricing and demand; its capacity decisions and the capacity decisions of its competitors; U.S. or foreign governmental legislation, regulation and other actions; labor costs; its ability to maintain satisfactory labor relations and the results of the collective bargaining agreement process with its union groups; any disruptions to operations due to any potential actions by its labor groups; weather conditions; the possibility that expected Merger synergies will not be realized or will not be realized within the expected time period; and other risks and uncertainties set forth under Item 1A, *Risk Factors*, of this report, as well as other risks and uncertainties set forth from time to time in the reports the Company files with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rates. Our net income (loss) is affected by fluctuations in interest rates (e.g. interest expense on variable-rate debt and interest income earned on short-term investments). The Company's policy is to manage interest rate risk through a combination of fixed and variable rate debt. The following table summarizes information related to the Company's interest rate market risk at December 31 (in millions):

	2012			2011		
	UAL	United	Continental	UAL	United	Continental
Variable rate debt						
Carrying value of variable rate debt at December 31	\$ 2,869	\$1,907	\$ 962	\$3,280	\$2,109	\$ 1,171
Impact of 100 basis point increase on projected interest expense for the following year	25	18	7	31	20	11
Fixed rate debt						
Carrying value of fixed rate debt at December 31	9,383	3,468	5,513	8,402	3,636	4,357
Fair value of fixed rate debt at December 31	10,569	3,710	5,900	8,996	3,717	4,420
Impact of 100 basis point increase in market rates on fair value	(349)	(132)	(216)	(272)	(110)	(159)

A change in market interest rates would also impact interest income earned on our cash, cash equivalents and short-term investments. Assuming our cash, cash equivalents and short-term investments remain at their average 2012 levels, a 100 basis point increase in interest rates would result in a corresponding increase in UAL, United and Continental interest income of approximately \$74 million, \$43 million and \$31 million, respectively, during 2013.

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Commodity Price Risk (Aircraft Fuel). The availability and price of aircraft fuel significantly affects the Company's operations, results of operations, financial position and liquidity.

To protect against increases in the prices of aircraft fuel, the Company routinely hedges a portion of its future fuel requirements. The Company generally uses financial hedge instruments including fixed price swaps, purchased call options, and commonly used combinations using put and call options including collars (sold put option combined with purchased call option) and three-ways (sold put option combined with purchased call option and a higher strike sold call option). These hedge instruments are generally based on aircraft fuel or closely related commodities including heating oil, diesel fuel and crude oil.

Some financial hedge contracts may result in losses if the underlying commodity prices drop below specified floor prices. However, the negative impact of these losses may be outweighed by the benefit of lower aircraft fuel cost since the Company typically hedges only a portion of its future fuel requirements. The Company does not enter into hedge instruments for trading purposes.

If fuel prices decline significantly from the levels existing at the time we enter into a hedge contract, we may be required to post collateral (margin) with our hedge counterparties. The Company frequently monitors this margin risk and assesses the potential of posting collateral with each of its counterparties. At times, when the fair market value of the Company's hedge contracts is net positive to the Company, it is exposed to the event of non-performance by the counterparty to the hedge contract. The Company periodically monitors the credit worthiness of its counterparties and limits its exposure to any single counterparty.

The Company may adjust its hedging program based on changes in market conditions. The following table summarizes information related to the Company's cost of fuel and hedging (in millions, except percentages):

	<u>UAL</u>	<u>United</u>	<u>Continental</u>
Fuel Costs			
In 2012, fuel cost as a percent of total operating expenses (a)	36%	36%	36%
Impact of \$1 increase in price per barrel of aircraft fuel on annual fuel expense (b)	\$ 94	\$ 52	\$ 42
Fuel Hedges			
Asset fair value at December 31, 2012 (c)	\$ 46	\$ 28	\$ 18
Impact of a concurrent 10% decrease in forward prices of the underlying commodities on the value of fuel hedges (d)	\$(148)	\$(85)	\$ (63)
Collateral UAL, United and Continental would be required to post with fuel hedge counterparties upon a concurrent 10% decrease in forward prices of the underlying commodities of fuel hedges (e)	\$ 11	\$ 5	\$ 6

(a) Includes related taxes and excludes hedging impacts and special charges. In 2011, UAL's, United's and Continental's fuel cost was 37%, 37%, and 36% of total operating expenses, respectively.

(b) Based on 2013 projected fuel consumption. Does not include the impact of fuel hedges.

(c) As of December 31, 2011, the net fair value of UAL's, United's and Continental's fuel hedges was \$73 million, \$44 million and \$29 million, respectively.

(d) Based on fuel hedge positions at December 31, 2012.

(e) Assumes instantaneous change in prices and includes margin related to some hedge positions beyond December 31, 2013; approximately 2% for 2014.

As of December 31, 2012, the Company had hedged approximately 31% and 2% of its projected fuel requirements (1.2 billion and 63 million gallons, respectively) for 2013 and 2014, respectively, with commonly used financial hedge instruments based on aircraft fuel or closely related commodities, such as heating oil, diesel fuel and crude oil.

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The fuel hedge portfolio is comprised of many individual hedge contracts (primarily option contracts) on multiple underlying commodities and entered into at various points in time, resulting in a wide range of strike prices with several hedge counterparties. The table below provides a view of the economic impact of the hedge portfolio on the Company's 2013 fuel costs given significant moves (up to +/-20%) in market fuel prices from December 31, 2012 (in millions).

Year ended December 31, 2013
(in \$ per gallon)

Change in market fuel prices (a)	(Increase) decrease to unhedged fuel cost (b)	Hedge gain (loss) (c)	Net (increase) decrease to fuel cost
20%	(0.60)	0.08	(0.52)
10%	(0.30)	0.06	(0.24)
(10)%	0.30	(0.01)	0.29
(20)%	0.60	(0.06)	0.54

(a) Projected using equal shifts in spot and forward prices for aircraft fuel and all commodities (heating oil, diesel, crude oil) underlying hedge contracts from December 31, 2012 levels.

(b) Projections based on estimated consumption of four billion gallons and a price of \$2.98 per gallon, excluding taxes and other delivery costs.

(c) Cash gain/(loss), including premiums, on existing hedges as of December 31, 2012. Includes all hedges whether or not the hedges are designated for hedge accounting.

Foreign Currency. The Company generates revenues and incurs expenses in numerous foreign currencies. Changes in foreign currency exchange rates impact the Company's results of operations through changes in the dollar value of foreign currency-denominated operating revenues and expenses. Some of the Company's more significant foreign currency exposures include the Canadian dollar, Chinese renminbi, European euro and Japanese yen. At times, the Company uses derivative financial instruments to hedge its exposure to foreign currency. The Company does not enter into derivative instruments for non-risk management purposes.

The result of a uniform 10 percent strengthening in the value of the U.S. dollar from December 31, 2012 levels relative to each of the currencies in which the Company has foreign currency exposure would result in a decrease in pre-tax income of approximately \$291 million for the year ending December 31, 2013. This sensitivity analysis was prepared based upon projected 2013 foreign currency-denominated revenues and expenses as of December 31, 2012.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
United Continental Holdings, Inc.

We have audited the accompanying consolidated balance sheets of United Continental Holdings, Inc. (the "Company") as of December 31, 2012 and December 31, 2011, and the related statements of consolidated operations, comprehensive income (loss), cash flows, and stockholders' equity (deficit) for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2012 and December 31, 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for multiple deliverable revenue recognition as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2009-13, Multiple Deliverable Revenue Arrangements, effective January 1, 2011.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois
February 25, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder of
United Air Lines, Inc.

We have audited the accompanying consolidated balance sheets of United Air Lines, Inc. (the "Company") as of December 31, 2012 and December 31, 2011, and the related statements of consolidated operations, comprehensive income (loss), cash flows, and stockholder's deficit for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2012 and December 31, 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for multiple deliverable revenue recognition as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2009-13, Multiple Deliverable Revenue Arrangements, effective January 1, 2011.

/s/ Ernst & Young LLP

Chicago, Illinois
February 25, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder of
Continental Airlines, Inc.

We have audited the accompanying consolidated balance sheets of Continental Airlines, Inc. (the "Company") as of December 31, 2012 and December 31, 2011 (Successor), and the related statements of consolidated operations, comprehensive income (loss), cash flow, and stockholder's equity for each of the two years in the period ended December 31, 2012 (Successor), the period from October 1, 2010 to December 31, 2010 (Successor), and the period from January 1, 2010 to September 30, 2010 (Predecessor). Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2012 and December 31, 2011 (Successor), and the consolidated results of its operations and its cash flows each of the two years in the period year ended December 31, 2012 (Successor), the period from October 1, 2010 to December 31, 2010 (Successor), and the period from January 1, 2010 to September 30, 2010 (Predecessor), in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for multiple deliverable revenue recognition as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2009-13, Multiple Deliverable Revenue Arrangements, effective January 1, 2011.

/s/ Ernst & Young LLP

Chicago, Illinois
February 25, 2013

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS
(In millions, except per share amounts)

	Year Ended December 31,		
	2012	2011	2010
Operating revenue:			
Passenger—Mainline	\$ 25,804	\$ 25,975	\$ 16,019
Passenger—Regional	6,779	6,536	4,217
Total passenger revenue	32,583	32,511	20,236
Cargo	1,018	1,167	832
Special revenue item	—	107	—
Other operating revenue	3,551	3,325	2,257
	<u>37,152</u>	<u>37,110</u>	<u>23,325</u>
Operating expense:			
Aircraft fuel	13,138	12,375	6,687
Salaries and related costs	7,945	7,652	5,002
Regional capacity purchase	2,470	2,403	1,812
Landing fees and other rent	1,929	1,928	1,307
Aircraft maintenance materials and outside repairs	1,760	1,744	1,115
Depreciation and amortization	1,522	1,547	1,079
Distribution expenses	1,352	1,435	912
Aircraft rent	993	1,009	500
Special charges	1,323	592	669
Other operating expenses	4,681	4,603	3,266
	<u>37,113</u>	<u>35,288</u>	<u>22,349</u>
Operating income	39	1,822	976
Nonoperating income (expense):			
Interest expense	(835)	(949)	(798)
Interest capitalized	37	32	15
Interest income	23	20	15
Miscellaneous, net	12	(80)	45
	<u>(763)</u>	<u>(977)</u>	<u>(723)</u>
Income (loss) before income taxes	(724)	845	253
Income tax expense (benefit)	(1)	5	—
Net income (loss)	<u>\$ (723)</u>	<u>\$ 840</u>	<u>\$ 253</u>
Earnings (loss) per share, basic	<u>\$ (2.18)</u>	<u>\$ 2.54</u>	<u>\$ 1.22</u>
Earnings (loss) per share, diluted	<u>\$ (2.18)</u>	<u>\$ 2.26</u>	<u>\$ 1.08</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Net income (loss)	\$ (723)	\$ 840	\$ 253
Other comprehensive income (loss), net:			
Fuel derivative financial instruments:			
Reclassification into earnings	141	(503)	68
Change in fair value	(51)	163	168
Employee benefit plans:			
Net change related to employee benefit plans	(730)	(464)	95
Investments and other	11	—	21
	<u>(629)</u>	<u>(804)</u>	<u>352</u>
Total comprehensive income (loss), net	<u>\$ (1,352)</u>	<u>\$ 36</u>	<u>\$ 605</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

ASSETS	At December 31,	
	2012	2011
Current assets:		
Cash and cash equivalents	\$ 4,770	\$ 6,246
Short-term investments	1,773	1,516
Total unrestricted cash, cash equivalents and short-term investments	6,543	7,762
Restricted cash	65	40
Receivables, less allowance for doubtful accounts (2012—\$13; 2011—\$7)	1,338	1,358
Aircraft fuel, spare parts and supplies, less obsolescence allowance (2012—\$125; 2011—\$89)	695	615
Deferred income taxes	543	615
Prepaid expenses and other	865	607
	10,049	10,997
Operating property and equipment:		
Owned—		
Flight equipment	17,561	15,786
Other property and equipment	3,269	3,126
	20,830	18,912
Less—Accumulated depreciation and amortization	(5,006)	(4,005)
	15,824	14,907
Purchase deposits for flight equipment	462	382
Capital leases—		
Flight equipment	1,484	1,458
Other property and equipment	235	237
	1,719	1,695
Less—Accumulated amortization	(713)	(565)
	1,006	1,130
	17,292	16,419
Other assets:		
Goodwill	4,523	4,523
Intangibles, less accumulated amortization (2012—\$792; 2011—\$670)	4,597	4,750
Restricted cash	382	529
Other, net	785	770
	10,287	10,572
	\$ 37,628	\$ 37,988

(continued on next page)

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

LIABILITIES AND STOCKHOLDERS' EQUITY	At December 31,	
	2012	2011
Current liabilities:		
Advance ticket sales	\$ 3,360	\$ 3,114
Frequent flyer deferred revenue	2,364	2,405
Accounts payable	2,312	1,998
Accrued salaries and benefits	1,763	1,509
Current maturities of long-term debt	1,812	1,186
Current maturities of capital leases	122	125
Other	1,085	1,057
	<u>12,818</u>	<u>11,394</u>
Long-term debt	10,440	10,496
Long-term obligations under capital leases	792	928
Other liabilities and deferred credits:		
Frequent flyer deferred revenue	2,756	3,253
Postretirement benefit liability	2,614	2,407
Pension liability	2,400	1,862
Advanced purchase of miles	1,537	1,711
Deferred income taxes	1,543	1,603
Lease fair value adjustment, net	881	1,133
Other	1,366	1,395
	<u>13,097</u>	<u>13,364</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock at par, \$0.01 par value; authorized 1,000,000,000 shares; outstanding 332,472,779 and 330,906,192 shares at December 31, 2012 and 2011, respectively	3	3
Additional capital invested	7,145	7,114
Retained deficit	(5,586)	(4,863)
Stock held in treasury, at cost	(35)	(31)
Accumulated other comprehensive loss	(1,046)	(417)
	<u>481</u>	<u>1,806</u>
	<u>\$37,628</u>	<u>\$ 37,988</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Cash Flows from Operating Activities:			
Net income (loss)	\$ (723)	\$ 840	\$ 253
Adjustments to reconcile net income (loss) to net cash provided by operating activities -			
Depreciation and amortization	1,522	1,547	1,079
Special charges, non-cash portion	389	46	166
Debt and lease discount amortization	(247)	(186)	28
Share-based compensation	14	17	14
Deferred income taxes	13	(6)	(10)
Other operating activities	118	77	86
Changes in operating assets and liabilities, net of Merger -			
Decrease in frequent flyer deferred revenue and advanced purchase of miles	(712)	(110)	(67)
(Increase) decrease in other assets	(484)	(181)	59
Increase in other liabilities	415	220	265
Increase in accounts payable	285	177	255
Increase (decrease) in advance ticket sales	246	115	(205)
Unrealized (gain) loss on fuel derivatives and change in related pending settlements	120	(2)	7
Increase in receivables	(21)	(87)	(33)
(Increase) decrease in fuel hedge collateral	—	(59)	10
Net cash provided by operating activities	<u>935</u>	<u>2,408</u>	<u>1,907</u>
Cash Flows from Investing Activities:			
Capital expenditures and aircraft purchase deposits paid	(2,016)	(840)	(416)
Increase in short-term and other investments, net	(245)	(898)	(84)
Proceeds from sale of property and equipment	183	123	48
(Increase) decrease in restricted cash, net	122	(185)	68
Increase in cash from acquisition of Continental	—	—	3,698
Other, net	(1)	1	6
Net cash provided by (used in) investing activities	<u>(1,957)</u>	<u>(1,799)</u>	<u>3,320</u>
Cash Flows from Financing Activities:			
Payments of long-term debt	(1,392)	(2,367)	(2,023)
Proceeds from issuance of long-term debt	1,121	152	2,086
Principal payments under capital leases	(125)	(250)	(484)
Proceeds from exercise of stock options	17	26	21
Increase in deferred financing costs	(71)	(8)	(33)
Purchases of treasury stock	(4)	—	(3)
Decrease in aircraft lease deposits	—	15	236
Net cash used in financing activities	<u>(454)</u>	<u>(2,432)</u>	<u>(200)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,476)</u>	<u>(1,823)</u>	<u>5,027</u>
Cash and cash equivalents at beginning of year	6,246	8,069	3,042
Cash and cash equivalents at end of year	<u>\$ 4,770</u>	<u>\$ 6,246</u>	<u>\$ 8,069</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (DEFICIT)
(In millions)

	Common Stock		Additional Capital Invested	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance at December 31, 2009	168	\$ 2	\$ 3,136	\$ (28)	\$ (5,956)	\$ 35	\$ (2,811)
Net income	—	—	—	—	253	—	253
Other comprehensive income	—	—	—	—	—	352	352
Shares issued in exchange for Continental common stock	148	1	3,501	—	—	—	3,502
Equity component of Continental convertible debt assumed in Merger	—	—	157	—	—	—	157
Shares issued in exchange for redemption of Continental convertible debt	9	—	164	—	—	—	164
Fair value of Continental stock options related to Merger	—	—	78	—	—	—	78
Share-based compensation	—	—	14	—	—	—	14
Proceeds from exercise of stock options	3	—	21	—	—	—	21
Treasury stock acquisitions	—	—	—	(3)	—	—	(3)
Balance at December 31, 2010	328	3	7,071	(31)	(5,703)	387	1,727
Net income	—	—	—	—	840	—	840
Other comprehensive loss	—	—	—	—	—	(804)	(804)
Share-based compensation	—	—	17	—	—	—	17
Proceeds from exercise of stock options	3	—	26	—	—	—	26
Balance at December 31, 2011	331	3	7,114	(31)	(4,863)	(417)	1,806
Net loss	—	—	—	—	(723)	—	(723)
Other comprehensive loss	—	—	—	—	—	(629)	(629)
Share-based compensation	—	—	14	—	—	—	14
Proceeds from exercise of stock options	1	—	17	—	—	—	17
Treasury stock acquisitions	—	—	—	(4)	—	—	(4)
Balance at December 31, 2012	332	\$ 3	\$ 7,145	\$ (35)	\$ (5,586)	\$ (1,046)	\$ 481

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED AIR LINES, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Operating revenue:			
Passenger—Mainline	\$13,723	\$14,153	\$13,412
Passenger—Regional	3,869	3,935	3,658
Total passenger revenue	17,592	18,088	17,070
Cargo	665	718	714
Special revenue item	—	88	—
Other operating revenue	2,704	2,261	1,994
	<u>20,961</u>	<u>21,155</u>	<u>19,778</u>
Operating expense:			
Aircraft fuel	7,430	7,080	5,700
Salaries and related costs	4,234	4,172	4,212
Regional capacity purchase	1,507	1,574	1,610
Landing fees and other rent	1,030	1,028	1,077
Aircraft maintenance materials and outside repairs	1,163	1,160	980
Depreciation and amortization	930	921	903
Distribution expenses	684	748	756
Aircraft rent	313	323	326
Special charges	984	433	468
Other operating expenses	3,390	2,829	2,728
	<u>21,665</u>	<u>20,268</u>	<u>18,760</u>
Operating income (loss)	<u>(704)</u>	<u>887</u>	<u>1,018</u>
Nonoperating income (expense):			
Interest expense	(496)	(595)	(695)
Interest capitalized	15	15	11
Interest income	8	10	11
Miscellaneous, net	(2)	(33)	42
	<u>(475)</u>	<u>(603)</u>	<u>(631)</u>
Income (loss) before income taxes	(1,179)	284	387
Income tax expense (benefit)	9	3	(12)
Net income (loss)	<u>\$ (1,188)</u>	<u>\$ 281</u>	<u>\$ 399</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED AIR LINES, INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Net income (loss)	\$(1,188)	\$ 281	\$ 399
Other comprehensive income (loss), net:			
Fuel derivative financial instruments:			
Reclassification into earnings	76	(417)	84
Change in fair value	(23)	172	101
Employee benefit plans:			
Net change related to employee benefit plans	(164)	29	(148)
Investments and other	7	(3)	19
	<u>(104)</u>	<u>(219)</u>	<u>56</u>
Total comprehensive income (loss), net	<u>\$(1,292)</u>	<u>\$ 62</u>	<u>\$ 455</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED AIR LINES, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

	At December 31,	
ASSETS	2012	2011
Current assets:		
Cash and cash equivalents	\$ 2,766	\$ 3,458
Short-term investments	326	275
Total unrestricted cash, cash equivalents and short-term investments	3,092	3,733
Restricted cash	65	40
Receivables, less allowance for doubtful accounts (2012—\$11; 2011—\$5)	1,194	763
Aircraft fuel, spare parts and supplies, less obsolescence allowance (2012—\$86; 2011—\$73)	402	340
Deferred income taxes	272	348
Receivables from related parties	2,767	228
Prepaid expenses and other	700	447
	<u>8,492</u>	<u>5,899</u>
Operating property and equipment:		
Owned—		
Flight equipment	9,476	9,135
Other property and equipment	2,262	2,260
	11,738	11,395
Less—Accumulated depreciation and amortization	(3,877)	(3,359)
	<u>7,861</u>	<u>8,036</u>
Purchase deposits for flight equipment	219	57
Capital leases—		
Flight equipment	1,484	1,458
Other property and equipment	65	67
	1,549	1,525
Less—Accumulated amortization	(683)	(548)
	<u>866</u>	<u>977</u>
	<u>8,946</u>	<u>9,070</u>
Other assets:		
Intangibles, less accumulated amortization (2012—\$588; 2011—\$534)	2,228	2,283
Restricted cash	272	393
Receivables from related parties	270	—
Other, net	594	600
	<u>3,364</u>	<u>3,276</u>
	<u>\$20,802</u>	<u>\$18,245</u>

(continued on next page)

UNITED AIR LINES, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

LIABILITIES AND STOCKHOLDER'S DEFICIT	At December 31,	
	2012	2011
Current liabilities:		
Advance ticket sales	\$ 3,321	\$ 1,652
Frequent flyer deferred revenue	2,364	1,484
Accounts payable	1,518	1,109
Accrued salaries and benefits	1,204	988
Current maturities of long-term debt	1,090	615
Current maturities of capital leases	119	122
Payables to related parties	75	104
Other	935	853
	<u>10,626</u>	<u>6,927</u>
Long-term debt	4,285	5,130
Long-term obligations under capital lease	618	735
Other liabilities and deferred credits:		
Frequent flyer deferred revenue	2,756	2,018
Postretirement benefit liability	2,384	2,115
Pension liability	97	92
Advanced purchase of miles	1,537	1,442
Deferred income taxes	648	707
Other	1,035	983
	<u>8,457</u>	<u>7,357</u>
Commitments and contingencies		
Stockholder's deficit:		
Common stock at par, \$5 par value; authorized 1,000 shares; issued 205 shares at December 31, 2012 and 2011	—	—
Additional capital invested	3,444	3,432
Retained deficit	(6,396)	(5,208)
Accumulated other comprehensive loss	(232)	(128)
	<u>(3,184)</u>	<u>(1,904)</u>
	<u>\$20,802</u>	<u>\$18,245</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED AIR LINES, INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Cash Flows from Operating Activities:			
Net income (loss)	\$(1,188)	\$ 281	\$ 399
Adjustments to reconcile net income (loss) to net cash provided by operating activities -			
Depreciation and amortization	930	921	903
Special charges, non-cash portion	378	36	166
Debt and lease discount amortization	34	56	93
Share-based compensation	9	9	13
Deferred income taxes	17	—	(12)
Other operating activities	83	77	83
Changes in operating assets and liabilities -			
Decrease in frequent flyer deferred revenue and advanced purchase of miles	(674)	(235)	(126)
Increase in other current assets	(506)	(129)	(2)
Increase in other liabilities	494	200	262
Increase in accounts payable	381	199	101
Increase in advance ticket sales	1,669	116	44
Unrealized loss on fuel derivatives and change in related pending settlements	70	27	4
Increase in receivables	(458)	(30)	(101)
(Increase) decrease in fuel hedge collateral	—	(59)	10
Increase in intercompany receivables	(349)	(93)	(160)
Increase (decrease) in intercompany payables	(28)	42	120
Net cash provided by operating activities	<u>862</u>	<u>1,418</u>	<u>1,797</u>
Cash Flows from Investing Activities:			
Capital expenditures and aircraft purchase deposits paid	(791)	(470)	(360)
(Increase) decrease in short-term and other investments, net	(41)	(269)	18
Proceeds from sale of property and equipment	56	15	40
(Increase) decrease in restricted cash, net	96	(210)	68
Other, net	(1)	2	7
Net cash used in investing activities	<u>(681)</u>	<u>(932)</u>	<u>(227)</u>
Cash Flows from Financing Activities:			
Payments of long-term debt	(738)	(1,456)	(1,667)
Principal payments under capital leases	(122)	(246)	(482)
Decrease in aircraft lease deposits	—	15	236
Increase in deferred financing costs	(11)	(8)	(33)
Proceeds from exercise of stock options	3	2	9
Proceeds from issuance of long-term debt	—	—	1,995
Other, net	(5)	—	1
Net cash provided by (used in) financing activities	<u>(873)</u>	<u>(1,693)</u>	<u>59</u>
Net increase (decrease) in cash and cash equivalents	(692)	(1,207)	1,629
Cash and cash equivalents at beginning of year	3,458	4,665	3,036
Cash and cash equivalents at end of year	<u>\$ 2,766</u>	<u>\$ 3,458</u>	<u>\$ 4,665</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED AIR LINES, INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDER'S DEFICIT
(In millions)

	Common Stock	Additional Capital Invested	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2009	—	\$ 3,401	\$ (5,888)	\$ 35	\$(2,452)
Net income	—	—	399	—	399
Other comprehensive income	—	—	—	56	56
Share-based compensation	—	12	—	—	12
Parent Company contribution related to stock plans	—	8	—	—	8
Balance at December 31, 2010	—	3,421	(5,489)	91	(1,977)
Net income	—	—	281	—	281
Other comprehensive loss	—	—	—	(219)	(219)
Share-based compensation	—	9	—	—	9
Parent Company contribution related to stock plans	—	2	—	—	2
Balance at December 31, 2011	—	3,432	(5,208)	(128)	(1,904)
Net loss	—	—	(1,188)	—	(1,188)
Other comprehensive loss	—	—	—	(104)	(104)
Share-based compensation	—	9	—	—	9
Parent Company contribution related to stock plans	—	3	—	—	3
Balance at December 31, 2012	—	\$ 3,444	\$ (6,396)	\$ (232)	\$(3,184)

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS
(In millions, except per share amounts)

	Successor			Predecessor
	Year Ended December 31, 2012	Year Ended December 31, 2011	Three Months Ended December 31, 2010	Nine Months Ended September 30, 2010
Operating revenue:				
Passenger—Mainline	\$ 12,081	\$ 11,816	\$ 2,605	\$ 7,777
Passenger—Regional	2,910	2,601	560	1,726
Total passenger revenue	14,991	14,417	3,165	9,503
Cargo	353	448	119	328
Special revenue item	—	19	—	—
Other operating revenue	1,631	1,291	279	957
	<u>16,975</u>	<u>16,175</u>	<u>3,563</u>	<u>10,788</u>
Operating expense:				
Aircraft fuel	5,709	5,294	986	2,872
Salaries and related costs	3,559	3,405	786	2,527
Regional capacity purchase	963	830	202	608
Landing fees and other rent	902	900	231	656
Aircraft maintenance materials and outside repairs	654	595	135	399
Depreciation and amortization	592	626	177	380
Distribution expenses	668	688	156	474
Aircraft rent	680	686	174	689
Special charges	339	159	201	47
Other operating expenses	2,155	2,042	537	1,416
	<u>16,221</u>	<u>15,225</u>	<u>3,585</u>	<u>10,068</u>
Operating income (loss)	754	950	(22)	720
Nonoperating income (expense):				
Interest expense	(326)	(342)	(86)	(288)
Interest capitalized	22	17	4	17
Interest income	15	10	3	6
Miscellaneous, net	57	(72)	2	(13)
	<u>(232)</u>	<u>(387)</u>	<u>(77)</u>	<u>(278)</u>
Income (loss) before income taxes	522	563	(99)	442
Income tax expense (benefit)	(5)	(6)	(4)	1
Net income (loss)	<u>\$ 527</u>	<u>\$ 569</u>	<u>\$ (95)</u>	<u>\$ 441</u>
Earnings per share, basic				<u>\$ 3.16</u>
Earnings per share, diluted				<u>\$ 2.81</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(In millions)

	<u>Successor</u>			<u>Predecessor</u>
	<u>Year Ended December 31,</u>	<u>Year Ended December 31,</u>	<u>Three Months Ended December 31,</u>	<u>Nine Months Ended September 30,</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Net income (loss)	\$ 527	\$ 569	\$ (95)	\$ 441
Other comprehensive income (loss), net:				
Fuel derivative financial instruments:				
Reclassification into earnings	65	(86)	(16)	24
Change in fair value	(28)	(9)	67	(13)
Employee benefit plans:				
Net change related to employee benefit plans	(566)	(493)	243	82
Investments and other	5	1	2	—
Tax expense on other comprehensive loss	—	—	(6)	—
	<u>(524)</u>	<u>(587)</u>	<u>290</u>	<u>93</u>
Total comprehensive income (loss), net	<u>\$ 3</u>	<u>\$ (18)</u>	<u>\$ 195</u>	<u>\$ 534</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

	At December 31,	
ASSETS	2012	2011
Current assets:		
Cash and cash equivalents	\$ 1,999	\$ 2,782
Short-term investments	1,447	1,241
Total cash, cash equivalents and short-term investments	3,446	4,023
Receivables, less allowance for doubtful accounts (2012 — \$2; 2011 — \$2)	144	595
Aircraft fuel, spare parts and supplies, less obsolescence allowance (2012 — \$39; 2011 — \$16)	293	275
Deferred income taxes	274	267
Receivables from related parties	1	—
Prepaid expenses and other	147	165
	<u>4,305</u>	<u>5,325</u>
Operating property and equipment:		
Owned—		
Flight equipment	8,086	6,651
Other property and equipment	1,007	866
	9,093	7,517
Less—Accumulated depreciation and amortization	(1,129)	(646)
	<u>7,964</u>	<u>6,871</u>
Purchase deposits for flight equipment	243	324
Capital leases—other property and equipment	170	170
Less—Accumulated amortization	(31)	(17)
	139	153
	<u>8,346</u>	<u>7,348</u>
Other assets:		
Goodwill	4,523	4,523
Intangibles, less accumulated amortization (2012 — \$204; 2011 — \$136)	2,371	2,469
Restricted cash	110	135
Other, net	458	364
	<u>7,462</u>	<u>7,491</u>
	<u>\$20,113</u>	<u>\$20,164</u>

(continued on next page)

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

LIABILITIES AND STOCKHOLDER'S EQUITY	At December 31,	
	2012	2011
Current liabilities:		
Advance ticket sales	\$ 39	\$ 1,462
Frequent flyer deferred revenue	—	921
Accounts payable	798	894
Accrued salaries and benefits	559	521
Current maturities of long-term debt	722	571
Current maturities of capital leases	3	3
Payables to related parties	2,542	11
Other	210	279
	<u>4,873</u>	<u>4,662</u>
Long-term debt	5,753	4,957
Long-term obligation under capital leases	174	193
Other liabilities and deferred credits:		
Frequent flyer deferred revenue	—	1,235
Postretirement benefit liability	230	292
Pension liability	2,303	1,770
Advanced purchase of miles	—	270
Deferred income taxes	822	820
Lease fair value adjustment, net	881	1,133
Payables to related parties	270	—
Other	460	507
	<u>4,966</u>	<u>6,027</u>
Commitments and contingencies		
Stockholder's equity:		
Common stock at par, \$0.01 par value; authorized 1,000 shares; issued and outstanding 1,000 shares at December 31, 2012 and 2011	—	—
Additional capital invested	4,167	4,148
Retained earnings	1,001	474
Accumulated other comprehensive loss	(821)	(297)
	<u>4,347</u>	<u>4,325</u>
	<u>\$20,113</u>	<u>\$20,164</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In millions)

	Successor			Predecessor
	Year Ended December 31, 2012	Year Ended December 31, 2011	Three Months Ended December 31, 2010	Nine Months Ended September 30, 2010
Cash Flows from Operating Activities:				
Net income (loss)	\$ 527	\$ 569	\$ (95)	\$ 441
Adjustments to reconcile net income (loss) to net cash provided by operating activities—				
Depreciation and amortization	592	626	177	380
Special charges, non-cash portion	11	10	—	18
Debt and lease discount amortization	(272)	(242)	(64)	8
Share-based compensation	5	9	1	10
Deferred income taxes	(4)	(6)	(6)	—
Other operating activities	(8)	25	(10)	10
Changes in operating assets and liabilities, net of Merger —				
Increase (decrease) in frequent flyer deferred revenue and advanced purchase of miles	(39)	125	59	141
(Increase) decrease in other current assets	22	(71)	56	(176)
Increase (decrease) in other liabilities	(72)	40	1	230
Increase (decrease) in accounts payable	(96)	(23)	213	44
Increase (decrease) in advance ticket sales	(1,423)	(1)	(248)	400
Unrealized (gain) loss on fuel derivatives and change in related pending settlements	50	(29)	4	(11)
(Increase) decrease in receivables	436	(57)	5	(188)
(Increase) decrease in intercompany receivables	(1)	3	—	—
Increase in intercompany payables	341	11	—	—
Net cash provided by operating activities	69	989	93	1,307
Cash Flows from Investing Activities:				
Capital expenditures and aircraft purchase deposits paid	(1,225)	(370)	(56)	(236)
Increase in short-term and other investments, net	(199)	(629)	(102)	(171)
Proceeds from sale of property and equipment	127	108	20	32
Decrease in restricted cash, net	25	25	—	3
Net cash used in investing activities	(1,272)	(866)	(138)	(372)
Cash Flows from Financing Activities:				
Payments of long-term debt and capital lease obligations	(657)	(915)	(358)	(836)
Proceeds from issuance of long-term debt, net	1,121	152	90	1,025
Increase in deferred financing costs	(58)	—	—	—
Proceeds from exercise of stock options	14	24	13	28
Net cash provided by (used in) financing activities	420	(739)	(255)	217
Net increase (decrease) in cash and cash equivalents	(783)	(616)	(300)	1,152
Cash and cash equivalents at beginning of period	2,782	3,398	3,698	2,546
Cash and cash equivalents at end of period	<u>\$ 1,999</u>	<u>\$ 2,782</u>	<u>\$ 3,398</u>	<u>\$ 3,698</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
STATEMENTS OF CONSOLIDATED STOCKHOLDER'S EQUITY
(In millions)

	<u>Common Stock</u>		<u>Additional Capital Invested</u>	<u>Retained Earnings (Deficit)</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Predecessor Company						
Balance at December 31, 2009	139	\$ 1	\$ 2,216	\$ (442)	\$ (1,185)	\$ 590
Net income from January 1 to September 30	—	—	—	441	—	441
Other comprehensive income (January 1 to September 30)	—	—	—	—	93	93
Issuance of common stock pursuant to stock plans	2	—	28	—	—	28
Share-based compensation	—	—	10	—	—	10
Balance at September 30, 2010	141	1	2,254	(1)	(1,092)	1,162
Successor Company						
Merger Impact:						
Elimination of equity accounts in connection with the Merger	(141)	(1)	(2,254)	1	1,092	(1,162)
Issuance of new stock by UAL pursuant to Merger	—	—	3,579	—	—	3,579
Contribution of indenture derivative asset by UAL	—	—	520	—	—	520
Net loss from October 1 to December 31	—	—	—	(95)	—	(95)
Other comprehensive income (October 1 to December 31)	—	—	—	—	290	290
Parent Company contribution related to stock plans	—	—	13	—	—	13
Other	—	—	3	—	—	3
Balance at December 31, 2010	—	—	4,115	(95)	290	4,310
Net income	—	—	—	569	—	569
Other comprehensive loss	—	—	—	—	(587)	(587)
Parent Company contribution related to stock plans	—	—	24	—	—	24
Share-based compensation	—	—	9	—	—	9
Balance at December 31, 2011	—	—	4,148	474	(297)	4,325
Net income	—	—	—	527	—	527
Other comprehensive loss	—	—	—	—	(524)	(524)
Parent Company contribution related to stock plans	—	—	14	—	—	14
Share-based compensation	—	—	5	—	—	5
Balance at December 31, 2012	—	\$ —	\$ 4,167	\$ 1,001	\$ (821)	\$ 4,347

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

**UNITED CONTINENTAL HOLDINGS, INC.,
UNITED AIR LINES, INC. AND CONTINENTAL AIRLINES, INC.,
COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

United Continental Holdings, Inc. (together with its consolidated subsidiaries, “UAL”) is a holding company and its principal, wholly-owned subsidiaries are United Air Lines, Inc. (together with its consolidated subsidiaries, “United”) and Continental Airlines, Inc. (together with its consolidated subsidiaries, “Continental”). All significant intercompany transactions are eliminated.

We sometimes use the words “we,” “our,” “us,” and the “Company” in this Form 10-K for disclosures that relate to all of UAL, United and Continental. As UAL consolidated United and Continental beginning October 1, 2010 for financial statement purposes, disclosures that relate to United or Continental activities also apply to UAL, unless otherwise noted. When appropriate, UAL, United and Continental are named specifically for their related activities and disclosures.

Continental

As a result of the application of the acquisition method of accounting, the Continental financial statements prior to October 1, 2010 are not comparable with the financial statements for periods on or after October 1, 2010. References to “Continental Successor” refer to Continental on or after October 1, 2010, after giving effect to the application of acquisition accounting. References to “Continental Predecessor” refer to Continental prior to October 1, 2010.

NOTE 1 - MERGER

On May 2, 2010, UAL Corporation, Continental and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into an Agreement and Plan of Merger (the “Merger agreement”). On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the “Merger”). Upon closing of the Merger, UAL Corporation became the parent company of both United and Continental and UAL Corporation’s name was changed to United Continental Holdings, Inc.

Pursuant to the terms of the Merger agreement, each outstanding share of Continental common stock was converted into and became exchangeable for 1.05 fully paid and nonassessable shares of UAL common stock with any fractional shares paid in cash. UAL issued approximately 148 million shares of UAL common stock to former holders of Continental Class B common stock (“Continental common stock”). Based on the closing price of \$23.66 per share of UAL common stock on September 30, 2010, the last trading day before the closing of the Merger, the aggregate value of the consideration paid in connection with the Merger was approximately \$3.7 billion.

The Merger was accounted for as a business combination using the acquisition method of accounting with Continental considered the acquiree. The acquisition method of accounting requires, among other things, that assets acquired and liabilities assumed be recognized on the balance sheet at their fair values as of the acquisition date. The acquisition values have been pushed down to Continental for its separate-entity financial statements as of October 1, 2010. The excess of the purchase price over the net fair value of assets and liabilities acquired was recorded as goodwill. Goodwill will not be amortized, but will be tested for impairment at least annually.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following policies are applicable to UAL, United and Continental, except as noted below under *Continental Predecessor Accounting Policies*, for accounting policies followed by Continental Predecessor that are materially different than the Company’s accounting policies.

- (a) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

- (b) **Passenger Revenue Recognition**—The value of unused passenger tickets is included in current liabilities as advance ticket sales. The Company records passenger ticket sales and tickets sold by other airlines for use on United or Continental as passenger revenue when the transportation is provided or upon estimated breakage. Tickets sold by other airlines are recorded at the estimated values to be billed to the other airlines. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date.

Fees charged in association with changes or extensions to non-refundable tickets are recorded as other revenue at the time the fee is incurred. The fare on the changed ticket, including any additional collection, is deferred and recognized in accordance with our transportation revenue recognition policy at the time the transportation is provided. Change fees related to non-refundable tickets are considered a separate transaction from the air transportation because they represent a charge for the Company's additional service to modify a previous sale. Therefore, the pricing of the change fee and the initial customer order are separately determined and represent distinct earnings processes. Refundable tickets expire after one year.

The Company records an estimate of breakage revenue on the flight date for tickets that will expire unused. These estimates are based on the evaluation of actual historical results. During the year ended December 31, 2012, UAL revised its estimate of breakage resulting in a reduction of passenger revenue of approximately \$100 million (the majority of which relates to Continental). The Company recognizes cargo and other revenue as service is provided.

Under our capacity purchase agreements with regional carriers, we purchase all of the capacity related to aircraft covered by the contracts and are responsible for selling all of the related seat inventory. We record the passenger revenue and related expenses as separate operating revenue and expense in the consolidated statement of operations.

In the separate financial statements of United and Continental, for tickets sold by one carrier but flown by the other, the carrier that operates the aircraft recognizes the associated revenue. Starting in March 2012, all tickets were sold through United. See Note 20 for additional information regarding related party transactions.

Accounts receivable primarily consist of amounts due from credit card companies and customers of our aircraft maintenance and cargo transportation services. We provide an allowance for uncollectible accounts equal to the estimated losses expected to be incurred based on historical write-offs and other specific analyses. Bad debt expense and write-offs were not material for the years ended December 31, 2012, 2011 and 2010.

- (c) **Frequent Flyer Accounting**—The Company has a frequent flyer program that is designed to increase customer loyalty. Program participants earn mileage credits ("miles") by flying on United, Continental and certain other participating airlines. Program participants can also earn miles through purchases from other non-airline partners that participate in the Company's loyalty program. We sell miles to these partners, which include credit card issuers, retail merchants, hotels, car rental companies, and our participating airline partners. Miles can be redeemed for free, discounted or upgraded air travel and non-travel awards. The Company records its obligation for future award redemptions using a deferred revenue model.

In the first quarter of 2012, the Company moved to a single loyalty program, MileagePlus. Continental's loyalty program formally ended in the first quarter of 2012, at which point United automatically enrolled OnePass members in MileagePlus and deposited into those MileagePlus accounts award miles equal to OnePass members' award miles balance.

Miles Earned in Conjunction with Flights

In the case of the sale of air services, the Company recognizes a portion of the ticket sales as revenue when the air transportation occurs and defers a portion of the ticket sale representing the value of the related miles.

The Company adopted Accounting Standards Update 2009-13, Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force (“ASU 2009-13”) on January 1, 2011. In accordance with ASU 2009-13, the Company determines the estimated selling price of the air transportation and miles as if each element is sold on a separate basis. The total consideration from each ticket sale is then allocated to each of these elements individually on a pro rata basis. The Company revised the estimated selling price of miles as a prospective change in estimate, effective January 1, 2012, and it is based on the price we sell miles to Star Alliance partners in our reciprocal frequent flyer agreements as the best estimate of selling price for these miles. Any changes to the composition of Star Alliance airline partners may result in the existing estimated selling price of air transportation miles no longer being representative of the best estimate of selling price and could result in a change to the amount and method we use to determine the estimated selling price. On February 14, 2013, US Airways announced an agreement to merge with AMR Corporation and its intent to exit Star Alliance as a result of such merger. We are currently unable to estimate the timing or amount of any changes to estimated selling price as a result of this merger.

Prior to 2011, the Company accounted for the sale of air transportation by deferring the fair value of miles and recognizing the residual amount of ticket proceeds as passenger revenue at the time the air transportation was provided. The fair value of miles was based on an equivalent ticket value that was a weighted average ticket value of each outstanding mile, based upon projected redemption patterns for available award choices when such miles were consumed.

Co-branded Credit Card Partner Mileage Sales

United also has a significant contract to sell frequent flyer miles to its co-branded credit card partner, Chase Bank USA, N.A. (“Chase”). On June 9, 2011, this contract was modified and the Company entered into The Consolidated Amended and Restated Co-Branded Card Marketing Services Agreement dated June 9, 2011 (the “Co-Brand Agreement”) with Chase.

The Company has identified five revenue elements in the Co-Brand Agreement: the air transportation element represented by the value of the mile (generally resulting from its redemption for future air transportation); use of the United brand and access to frequent flyer member lists; advertising; baggage services; and airport lounge usage (together, excluding “the air transportation element”, the “marketing-related deliverables”).

The fair value of the elements is determined using management’s estimated selling price of each element. The objective of using the estimated selling price based methodology is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. Accordingly, we determine our best estimate of selling price by considering multiple inputs and methods including, but not limited to, discounted cash flows, brand value, volume discounts, published selling prices, number of miles awarded and number of miles redeemed. The Company estimated the selling prices and volumes over the term of the Co-Brand Agreement in order to determine the allocation of proceeds to each of the multiple elements to be delivered.

The estimated selling price of miles is based on the contractual rate at which we sell miles to our Star Alliance partners participating in reciprocal frequent flyer programs as the best estimate of selling price for these miles, which is generally consistent with the methodology described in *Miles Earned in Conjunction with Flights*, above. Management prospectively applied this change in estimate effective January 1, 2012. The financial impact of this change in estimate was substantially offset by the Company’s change in estimate of its breakage for a portion of its miles, which were previously not subject to an expiration policy. The revised estimates to breakage increased the estimate of miles in the population that are expected to ultimately expire.

The transition provisions of ASU 2009-13 required the Company’s existing deferred revenue balance be adjusted retroactively to reflect the value of any undelivered element remaining at the date of contract modification as if we had been applying ASU 2009-13 since the initiation of the Co-Brand Agreement.

We applied this transition provision by revaluing the undelivered air transportation element using its new estimated selling price as determined in connection with the contract modification. This estimated selling price was lower than the rate at which the undelivered element had been deferred under the previous co-branded credit card contracts, and as a result, we recorded a one-time non-cash adjustment to decrease frequent flyer deferred revenue and increase special revenues by \$107 million in June 2011, which is included in the table below under Accounting Policy Changes.

The Company records passenger revenue related to the air transportation element when the transportation is delivered. The other elements are generally recognized as other operating revenue when earned.

Prior to 2011, the Company had two primary revenue elements, marketing and air transportation, using an equivalent ticket value to determine the fair value of miles, and applying a residual accounting methodology to allocate the arrangement consideration.

Expiration of Miles

United accounts for miles sold and awarded that will never be redeemed by program members, which we refer to as “breakage,” using the redemption method. UAL reviews its breakage estimates annually based upon the latest available information regarding redemption and expiration patterns. The Company re-evaluated its population breakage estimates for a portion of its miles, which were previously not subject to an expiration policy, and increased the estimate of miles in the population expected to ultimately expire.

The Company’s estimate of the expected expiration of miles requires significant management judgment. Current and future changes to expiration assumptions or to the expiration policy, or to program rules and program redemption opportunities, may result in material changes to the deferred revenue balance as well as recognized revenues from the programs.

Accounting Policy Changes

The application of ASU 2009-13 in 2011 to passenger ticket transactions and the Chase co-branded credit card relationship (including the special revenue item) resulted in the following estimated increases to revenue in the year of adoption (in millions, except per share amounts):

	Year Ended		
	December 31, 2011		
	UAL	United	Continental
Operating revenue (including special revenue item)	\$ 600	\$ 395	\$ 205
Per basic share	1.82	NM	NM
Per diluted share	1.57	NM	NM

The annual impact of adopting ASU 2009-13 on operating revenue will decrease over time. Our ability to project the annual decline for each year is significantly impacted by credit card sales volumes, frequent flyer redemption patterns, and other factors, including the 2012 changes in breakage from the application of the 18 month expiration policy to certain miles and the change in estimated selling price for flight miles, all of which are described above. As a result, the impact of the accounting change in 2012 and future periods cannot be objectively determined.

Other Information

The following table provides additional information related to the frequent flyer program at the UAL consolidated level (in millions):

Year Ended December 31,	Cash Proceeds from Miles Sold	Other Revenue Recognized Upon Award of Miles to Third-Party Customers (a)	Increase in Frequent Flyer Deferred Revenue for Miles Awarded (b)	Net Increase in Advanced Purchase of Miles (c)
2012	\$ 2,852	\$ 816	\$ 2,036	\$ —
2011	3,121	566	2,357	198
2010	2,156	331	1,739	86

(a) This amount represents other revenue recognized during the period from the sale of miles to third parties, representing the marketing services component of the sale.

(b) This amount represents the increase to frequent flyer deferred revenue during the period.

(c) This amount represents the net increase in the advance purchase of miles obligation due to cash payments for the sale of miles in excess of miles awarded to customers.

Continental's frequent flyer program accounting changed significantly as a result of the Merger. See *Continental Predecessor Accounting Policies*, below, for the Continental Predecessor policy.

- (d) **Cash and Cash Equivalents and Restricted Cash**— Highly liquid investments with a maturity of three months or less on their acquisition date are classified as cash and cash equivalents.

Restricted cash primarily includes cash collateral associated with workers' compensation obligations, reserves for institutions that process credit card ticket sales and cash collateral received from fuel hedge counterparties. Restricted cash, cash equivalents and investments are classified as short-term or long-term in the consolidated balance sheets based on the expected timing of return of the assets to the Company. Airline industry practice includes classification of restricted cash flows as either investing cash flows or operating cash flows. Cash flows related to restricted cash activity are classified as investing activities because the Company considers restricted cash arising from these activities similar to an investment.

- (e) **Short-term Investments**—Short-term investments are classified as available-for-sale and are stated at fair value. Realized gains and losses on sales of investments are reflected in nonoperating income (expense) in the consolidated statements of operations. Unrealized gains and losses on available-for-sale securities are reflected as a component of accumulated other comprehensive income/loss.

- (f) **Aircraft Fuel, Spare Parts and Supplies**—The Company accounts for aircraft fuel, spare parts and supplies at average cost and provides an obsolescence allowance for aircraft spare parts and supplies.

- (g) **Property and Equipment**—The Company records additions to owned operating property and equipment at cost when acquired. Property under capital leases and the related obligation for future lease payments are recorded at an amount equal to the initial present value of those lease payments. Modifications that enhance the operating performance or extend the useful lives of airframes or engines are capitalized as property and equipment. It is the Company's policy to record liquidated damages from late delivery of aircraft as a reduction of the cost of the related aircraft.

Depreciation and amortization of owned depreciable assets is based on the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized over the remaining term of the lease, including estimated facility renewal options when renewal is reasonably assured at key airports, or the estimated useful life of the related asset, whichever is less. Properties under capital leases are

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amortized on the straight-line method over the life of the lease or, in the case of certain aircraft, over their estimated useful lives, whichever is shorter. Amortization of capital lease assets is included in depreciation and amortization expense. The estimated useful lives of property and equipment are as follows:

	Estimated Useful Life (in years)
Aircraft and related rotatable parts	27 to 30
Buildings	25 to 45
Other property and equipment	4 to 15
Computer software	5
Building improvements	1 to 40

As of December 31, 2012, UAL, United and Continental had a carrying value of computer software of \$302 million, \$68 million and \$234 million, respectively. For the year ended December 31, 2012, UAL, United and Continental depreciation expense related to computer software was \$81 million, \$37 million and \$44 million, respectively. Aircraft parts were assumed to have residual values with a range of 7% to 11% of original cost, depending on type, and other categories of property and equipment were assumed to have no residual value.

- (h) **Maintenance and Repairs**—The cost of maintenance and repairs, including the cost of minor replacements, is charged to expense as incurred, except for costs incurred under our power-by-the-hour (“PBTH”) engine maintenance agreements. PBTH contracts transfer certain risk to third-party service providers and fix the amount we pay per flight hour or per cycle to the service provider in exchange for maintenance and repairs under a predefined maintenance program. Under PBTH agreements, the Company recognizes expense at a level rate per engine hour, unless the level of service effort and the related payments during the period are substantially consistent, in which case the Company recognizes expense based on the amounts paid.
- (i) **Lease Fair Value Adjustments**—Lease fair value adjustments, which arose from recording operating leases at fair value under fresh start accounting or the Merger, are amortized on a straight line basis over the related lease term.
- (j) **Regional Capacity Purchase**—Payments made to regional carriers under capacity purchase agreements are reported in regional capacity purchase in our consolidated statements of operations. As of December 31, 2012, United had 222 call options to purchase regional jet aircraft being operated by certain regional carriers. At December 31, 2012, none of the call options was exercisable because none of the required conditions to make an option exercisable by United was met.
- (k) **Advertising**—Advertising costs, which are included in other operating expenses, are expensed as incurred. Advertising expenses for the three years ended December 31 were as follows (in millions):

	UAL	United	Continental Successor	Continental Predecessor
2012	\$154	\$ 83	\$ 71	
2011	142	73	69	
2010	90	67	23	\$ 74

- (l) **Intangibles**—The Company has finite-lived and indefinite-lived intangible assets, including goodwill. As of December 31, 2012, goodwill represents the excess purchase price over the fair values of tangible and identifiable intangible assets acquired and liabilities assumed from Continental in the Merger. Finite-lived intangible assets are amortized over their estimated useful lives. Goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment annually or more frequently if

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events or circumstances indicate that the asset may be impaired. Goodwill and indefinite-lived assets are reviewed for impairment on an annual basis as of October 1, or on an interim basis whenever a triggering event occurs.

In most cases, these indefinite-lived assets are separately associated with and directly assignable to a specific separate company. In cases where the asset is shared between the companies, a prorate allocation was performed based on historical financial and operating measures. This resulted in a fair value allocation of such assets to United and Continental of 54% and 46%, respectively. Any impairment charges resulting from the testing of the fair values of these indefinite-lived intangible assets are also assigned to the applicable company using the same methodology; the impairment charge is recognized at the company to which the asset is assigned. See Notes 4 and 21 for additional information related to intangibles, including impairments recognized in 2012, 2011 and 2010.

- (m) **Long-Lived Asset Impairments**—The Company evaluates the carrying value of long-lived assets and intangible assets subject to amortization whenever events or changes in circumstances indicate that an impairment may exist. For purposes of this testing, the Company has generally identified the aircraft fleet type as the lowest level of identifiable cash flows for purposes of testing aircraft for impairment. An impairment charge is recognized when the asset's carrying value exceeds its net undiscounted future cash flows and its fair market value. The amount of the charge is the difference between the asset's carrying value and fair market value. See Note 21 for information related to asset impairments.
- (n) **Share-Based Compensation**—The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The resulting cost is recognized over the period during which an employee is required to provide service in exchange for the award, usually the vesting period. Obligations for cash-settled restricted stock units ("RSUs") are remeasured at fair value throughout the requisite service period on the last day of each reporting period based upon the Company's stock price. In addition to the service requirement, cash-settled performance-based RSUs have performance metrics that must be achieved prior to vesting. These awards are accrued based on the expected level of achievement at each reporting period. A cumulative adjustment is recorded to adjust compensation expense based on the current fair value of the awards and expected level of achievement for the performance-based awards. See Note 7 for additional information on the Company's share-based compensation plans.
- (o) **Ticket Taxes**—Certain governmental taxes are imposed on the Company's ticket sales through a fee included in ticket prices. The Company collects these fees and remits them to the appropriate government agency. These fees are recorded on a net basis (excluded from operating revenue).
- (p) **Retirement of Leased Aircraft**—The Company accrues for estimated lease costs over the remaining term of the lease at the present value of future minimum lease payments, net of estimated sublease rentals (if any), in the period that aircraft are permanently removed from service. When reasonably estimable and probable, the Company estimates maintenance lease return condition obligations for items such as minimum aircraft and engine conditions specified in leases and accrues these amounts over the lease term while the aircraft are operating, and any remaining unrecognized estimated obligations are accrued in the period that an aircraft is removed from service.
- (q) **Uncertain Income Tax Positions**—The Company has recorded reserves for income taxes and associated interest that may become payable in future years. Although management believes that its positions taken on income tax matters are reasonable, the Company nevertheless has established tax and interest reserves in recognition that various taxing authorities may challenge certain of the positions taken by the Company, potentially resulting in additional liabilities for taxes and interest. The Company's uncertain tax position reserves are reviewed periodically and are adjusted as events occur that affect its estimates, such as the availability of new information, the lapsing of applicable statutes of limitation, the conclusion of tax audits, the measurement of additional estimated liability, the identification of new tax matters, the release of administrative tax guidance affecting its estimates of tax liabilities, or the rendering of relevant court decisions. See Note 8 for further information related to uncertain income tax positions.

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- (r) **Labor Costs**—The Company records expenses associated with amendable labor agreements when the employee group has earned the compensation and the amounts are probable and estimable. These include costs associated with lump sum cash payments that would be made in conjunction with the ratification of labor agreements. To the extent these upfront costs are in lieu of future pay increases, they would be capitalized and amortized over the term of the labor agreements. If not, these amounts would be expensed when they become probable and estimable.
- (s) **Third-Party Business**—United has third-party business revenue that includes fuel sales, catering, ground handling, maintenance services and frequent flyer award non-air redemptions, and third-party business revenue is recorded in other revenue. The Company has a contract to sell aircraft fuel to a third party which is earnings-neutral but results in revenue and expense, specifically cost of sale which is unrelated to the operation of the airline. United also incurs third-party business expenses, such as maintenance, ground handling and catering services for third parties, fuel sales and non-air mileage redemptions, and those third-party business expenses are recorded in other operating expenses.

Continental Predecessor Accounting Policies

The following summarizes Continental Predecessor accounting policies that materially differ from the Company's accounting policies, described above.

Revenue Recognition—Continental Predecessor recognized passenger revenue for ticket breakage when the ticket expired unused.

Frequent Flyer Accounting—Continental accounted for mileage credits earned by flying on Continental under an incremental cost model, rather than a deferred revenue model. For those frequent flyer accounts that had sufficient mileage credits to claim the lowest level of free travel, Continental recorded a liability for either the estimated incremental cost of providing travel awards that were expected to be redeemed for travel on Continental or the contractual rate of expected redemption on alliance carriers. Incremental cost included the cost of fuel, meals, insurance and miscellaneous supplies, less any fees charged to the passenger for redeeming the rewards, but did not include any costs for aircraft ownership, maintenance, labor or overhead allocation. The liability was adjusted periodically based on awards earned, awards redeemed, changes in the incremental costs and changes in the frequent flyer program. Changes in the liability were recognized as passenger revenue in the period of change.

NOTE 3 - RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04 ("ASU 2011-04"), *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS*. Some of the key amendments to the fair value measurement guidance include the highest and best use and valuation premise for nonfinancial assets, application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, premiums or discounts in fair value measurement and fair value of an instrument classified in a reporting entity's shareholders' equity. Additional disclosures for fair value measurements categorized in Level 3 of the fair value hierarchy include a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, a description of the valuation processes in place, a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs and the level in the fair value hierarchy of items that are not measured at fair value in the consolidated balance sheet but whose fair value must be disclosed. ASU 2011-04 became effective for the Company's annual and interim periods beginning January 1, 2012, and the required disclosures are disclosed in Note 12 of this report.

NOTE 4 - GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents information about the Company's goodwill and other intangible assets at December 31 (in millions):

UAL	Asset life (a)	2012		2011	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill		\$ 4,523		\$ 4,523	
Finite-lived intangible assets					
Airport slots and gates		\$ 99	\$ 75	\$ 100	\$ 61
Hubs		145	52	145	44
Patents and tradenames		108	99	108	86
Frequent flyer database		1,177	447	1,177	381
Contracts		167	75	167	64
Other		109	44	109	34
Total		<u>\$ 1,805</u>	<u>\$ 792</u>	<u>\$ 1,806</u>	<u>\$ 670</u>
Indefinite-lived intangible assets					
Airport slots and gates		\$ 981		\$ 1,011	
Route authorities		1,606		1,606	
Tradenames and logos		593		593	
Alliances		404		404	
Total		<u>\$ 3,584</u>		<u>\$ 3,614</u>	
United					
		2012		2011	
Finite-lived intangible assets					
Airport slots and gates	9	\$ 72	\$ 59	\$ 72	\$ 52
Hubs	20	145	52	145	44
Patents	3	70	70	70	70
Frequent flyer database	21 (b)	521	327	521	296
Contracts	13	140	68	140	60
Other	7	12	12	13	12
Total		<u>\$ 960</u>	<u>\$ 588</u>	<u>\$ 961</u>	<u>\$ 534</u>
Indefinite-lived intangible assets					
Airport slots		\$ 201		\$ 201	
Route authorities		1,117		1,117	
Tradenames		420		420	
Alliances		118		118	
Total		<u>\$ 1,856</u>		<u>\$ 1,856</u>	
Continental					
		2012		2011	
Goodwill		\$ 4,523		\$ 4,523	
Finite-lived intangible assets					
Airport slots	4	\$ 27	\$ 16	\$ 28	\$ 9
Frequent flyer database	23 (b)	656	120	656	85
Tradenames	3	38	29	38	16
Contracts	10	27	7	27	4
Other	27	97	32	96	22
Total		<u>\$ 845</u>	<u>\$ 204</u>	<u>\$ 845</u>	<u>\$ 136</u>
Indefinite-lived intangible assets					
Airport slots		\$ 782		\$ 812	
Route authorities		489		489	
Alliances		286		286	
Tradenames and logos		173		173	
Total		<u>\$ 1,730</u>		<u>\$ 1,760</u>	

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(a) Weighted average life expressed in years. UAL is covered by the weighted average of each of its individual subsidiaries.

(b) The United and Continental frequent flyer databases are amortized based on an accelerated amortization schedule to reflect utilization of the assets. Estimated cash flows correlating to the expected attrition rate of customers in the frequent flyer databases were considered in the determination of the amortization schedules.

The following table presents information related to the Company's actual and expected future amortization expense (in millions):

Actual Amortization:	UAL	United	Continental Successor	Continental Predecessor
2012	\$121	\$ 55	\$ 66	
2011	169	61	108	
2010	96	65	31	\$ 11
Projected Amortization:				
2013	\$142	\$ 52	\$ 90	
2014	129	46	83	
2015	106	37	69	
2016	91	34	57	
2017	81	32	49	

See Note 21 for information related to impairment of intangible assets.

NOTE 5 - COMMON STOCKHOLDERS' EQUITY AND PREFERRED SECURITIES

UAL

At December 31, 2012, approximately 72 million shares of UAL common stock were reserved for future issuance related to the conversion of convertible debt securities and the issuance of equity based awards under UAL's incentive compensation plans.

As of December 31, 2012, UAL had two shares of junior preferred stock (par value \$0.01 per share) outstanding. In addition, UAL is authorized to issue 250 million shares of preferred stock (without par value) under UAL's amended and restated certificate of incorporation.

In 2010, approximately nine million shares of UAL common stock were issued upon the redemption of Continental's \$175 million aggregate principal amount of 5% Convertible Notes due 2023. See Note 14 for additional information related to this transaction.

In October 2010, approximately 148 million shares of UAL common stock were issued to Continental stockholders in exchange for Continental common stock in connection with the Merger. See Note 1 for additional information related to this transaction.

Continental

In connection with the Merger, on October 1, 2010, all outstanding 141 million shares of Continental common stock were converted into and exchanged for 1.05 fully paid and nonassessable shares of UAL common stock with any fractional shares paid in cash. The shares of Continental common stock that were acquired by UAL were subsequently canceled and replaced with 1,000 shares of common stock (\$0.01 par value), all of which are owned by UAL as of December 31, 2012.

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NOTE 6 - EARNINGS (LOSS) PER SHARE

The computations of UAL's basic and diluted earnings (loss) per share and the number of securities that have been excluded from the computation of diluted earnings per share amounts because they were antidilutive are set forth below (in millions, except per share amounts):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Basic earnings (loss) per share:			
Net income (loss)	\$ (723)	\$ 840	\$ 253
Less: Income allocable to participating securities	—	(3)	(1)
Earnings (loss) available to common stockholders	<u>\$ (723)</u>	<u>\$ 837</u>	<u>\$ 252</u>
Basic weighted-average shares outstanding	<u>331</u>	<u>329</u>	<u>207</u>
Earnings (loss) per share, basic	<u>\$ (2.18)</u>	<u>\$ 2.54</u>	<u>\$ 1.22</u>
Diluted earnings (loss) per share:			
Earnings (loss) available to common stockholders	\$ (723)	\$ 837	\$ 252
Effect of UAL 6% senior convertible notes	—	18	18
Effect of Continental 4.5% convertible notes	—	9	2
Effect of Continental 5% convertible notes	—	—	1
Earnings (loss) available to common stockholders including the effect of dilutive securities	<u>\$ (723)</u>	<u>\$ 864</u>	<u>\$ 273</u>
Basic weighted-average shares outstanding	331	329	207
Effect of UAL 6% senior convertible notes	—	40	40
Effect of Continental 4.5% convertible notes	—	12	3
Effect of employee stock options	—	2	2
Effect of Continental 5% convertible notes	—	—	1
Diluted weighted-average shares outstanding	<u>331</u>	<u>383</u>	<u>253</u>
Earnings (loss) per share, diluted	<u>\$ (2.18)</u>	<u>\$ 2.26</u>	<u>\$ 1.08</u>
Potentially dilutive shares excluded from diluted per share amounts:			
UAL 6% senior convertible notes	40	—	—
Continental 4.5% convertible notes	12	—	—
UAL 4.5% senior limited-subordination convertible notes	5	11	22
Stock options	4	5	9
Continental 6% convertible junior subordinated debentures	4	4	1
Restricted shares	1	1	—
UAL 5% senior convertible notes	—	—	3
	<u>66</u>	<u>21</u>	<u>35</u>

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The adjustments to earnings (loss) available to common stockholders are net of the related effect of profit sharing and income taxes, where applicable.

Continental Predecessor

The computations of Continental Predecessor's basic and diluted earnings per share for the periods Continental had outstanding publicly-traded equity securities are set forth below (in millions, except per share amounts):

	Nine Months Ended September 30, 2010
Basic earnings per share:	
Net income	\$ 441
Earnings available to common stockholders	\$ 441
Basic weighted-average shares outstanding	140
Earnings per share, basic	\$ 3.16
Diluted earnings per share:	
Earnings available to common stockholders	\$ 441
Effect of 5% convertible notes	10
Effect of 6% convertible junior subordinated debentures	10
Effect of 4.5% convertible notes	7
Earnings available to common stockholders including the effect of dilutive securities	\$ 468
Basic weighted-average shares outstanding	140
Effect of 4.5% convertible notes	12
Effect of 5% convertible notes	9
Effect of 6% convertible junior subordinated debentures	4
Effect of employee stock options	2
Dilutive weighted-average shares outstanding	167
Earnings per share, diluted	\$ 2.81

The adjustments to earnings available to common stockholders are net of the related effect of profit sharing and income taxes, where applicable.

Approximately two million weighted average options to purchase shares of Continental common stock for the nine months ended September 30, 2010 were excluded from the computation of diluted earnings per share because the effect of including the options would have been antidilutive.

NOTE 7 - SHARE-BASED COMPENSATION PLANS

Prior to the Merger, UAL and Continental maintained separate share-based compensation plans. These plans provide for grants of qualified and non-qualified stock options, stock appreciation rights, restricted stock awards, RSUs, performance compensation awards, performance units, cash incentive awards and other types of equity-based and equity-related awards. As part of the Merger, UAL assumed all of Continental's outstanding share-based compensation plans.

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All awards are recorded as equity or a liability in UAL's consolidated balance sheet. The share-based compensation expense specifically attributable to the employees of United and Continental is directly recorded to salaries and related costs, or integration-related expense, within each of their respective statements of operations. United and Continental record an allocation of share-based expense for employees that devote a significant amount of time to both companies. As United and Continental do not sponsor their own share-based compensation plans, the disclosures below primarily relate to UAL. See the "Continental Predecessor" section below, for share-based compensation disclosures applicable to Continental prior to the Merger.

In February 2012, UAL granted share-based compensation awards pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan. These share-based compensation awards include approximately 0.5 million shares of restricted stock and 0.6 million of RSUs that vest pro-rata over three years on the anniversary of the grant date. The time vested RSUs are cash-settled based on the 20-day average closing price of UAL common stock immediately prior to the vesting date. In addition, UAL granted 1.3 million performance-based RSUs that will vest based on UAL's return on invested capital for the three years ending December 31, 2014. If this performance condition is achieved, cash payments will be made after the end of the performance period based on the 20-day average closing price of UAL common stock immediately prior to the vesting date. The Company accounts for the RSUs as liability awards.

The following table provides information related to UAL share-based compensation plan cost, for the years ended December 31 (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Compensation cost: (a), (b)			
Restricted stock units	\$ 37	\$ 18	\$ 20
Restricted stock	13	12	6
Share-based awards converted to cash awards (c)	6	19	84
Stock options	1	5	7
Total	\$ 57	\$ 54	\$ 117

(a) All compensation cost is recorded to Salaries and related costs, with the exception of \$9 million, \$17 million and \$70 million in 2012, 2011 and 2010, respectively, that was recorded in integration and Merger-related costs as a component of special charges, respectively.

(b) United recorded \$32 million, \$28 million and \$63 million of compensation cost related to UAL's share-based plans during 2012, 2011 and 2010, respectively. These amounts included \$5 million, \$7 million and \$24 million that were classified as integration and Merger-related costs as a component of special charges during 2012, 2011 and 2010, respectively. Continental Successor recorded \$25 million, \$26 million and \$54 million of compensation cost related to UAL's share-based plans during 2012, 2011 and 2010, respectively. These amounts included \$4 million, \$10 million and \$46 million that were classified as integration and Merger-related costs as a component of special charges during 2012, 2011 and 2010, respectively.

(c) As described below, in connection with the Merger, certain awards were converted into fixed cash equivalents.

The table below summarizes UAL's unearned compensation and weighted-average remaining period to recognize costs for all outstanding share-based awards for the year ended December 31, 2012 (in millions, except as noted):

	Unearned Compensation (a)	Weighted- Average Remaining Period (in years)
Restricted stock units	\$ 24	1.1
Restricted stock	7	1.4
Share-based awards converted to cash awards	1	0.2
Stock options	1	1.2
Total	\$ 33	

(a) Compensation cost attributable to future service related to unvested awards remaining to be recognized by United and Continental consists of \$18 million and \$15 million, respectively.

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Merger Impacts - Continental Predecessor Share-Based Awards. Prior to completion of the Merger, Continental had outstanding stock options, non-employee director restricted stock awards and performance compensation awards (profit based RSUs) that were issued pursuant to its incentive compensation plans. Under the terms of Continental's incentive plans, substantially all of the outstanding equity awards fully vested as a result of the Merger. The equity awards were assumed and issued by UAL using a 1.05 conversion rate and had a fair value of approximately \$78 million at the Merger closing date which was included in the acquisition cost. In addition, as a result of the Merger, the performance criteria related to the profit based RSUs ("PBRsUs") was deemed to be achieved for each open performance period (the three-year periods beginning January 1, 2008, 2009 and 2010) at a payment percentage of 150% and the minimum cash balance requirement was deemed satisfied. Following the Merger closing date, with limited exceptions as described below, payments under all outstanding PBRsUs remain subject to continued employment by the participant and will continue to be paid on their normal payment date over a three-year period. The PBRsUs were converted into a fixed cash equivalent based on a stock price of \$23.48, the average closing price per share of Continental common stock for the 20 trading days preceding the completion of the Merger.

Merger Impacts - United Share-Based Awards. In May 2010, the UAL Board of Directors made a determination that the Merger should be considered a change of control for purposes of all outstanding awards. Accordingly, upon the completion of the Merger on October 1, 2010, eligible outstanding equity-based awards immediately vested except for certain officer awards that are subject to separate agreements, as discussed below. In September 2010, the Human Resources Subcommittee of the UAL Board of Directors elected to settle all eligible RSUs in cash. As a result, participants received \$23.66 in exchange for each share unit, based on the closing price of UAL stock on the day prior to the Merger closing. The cash payment to settle these awards was \$18 million and was paid during the fourth quarter of 2010.

Certain officers entered into separate agreements with the Company pursuant to which they agreed to waive the provisions providing for accelerated vesting upon the change of control. As part of the agreements, the outstanding restricted stock awards and RSUs were converted into fixed cash equivalents based on a stock price of \$22.33 per share, UAL's average closing share price for the preceding 20 days prior to the closing of the Merger. Following the Merger, with limited exceptions as described below, the payment of these awards remains subject to continued employment by the participant and will be paid on the original vesting dates. Upon termination of employment under certain circumstances following the Merger, the participant is entitled to a cash settlement. In the fourth quarter of 2010, UAL paid \$19 million in cash for settlement of these awards in connection with Merger-related terminations.

Stock Options. The Company has not granted any stock options since 2010. Historically, stock options were awarded with exercise prices equal to the fair market value of UAL's common stock on the date of grant. UAL stock options generally vest over a period of either three or four years and have a contractual life of 10 years. The Continental Predecessor stock options generally have an original contractual life of five years (management level employee options) or 10 years (outside directors). Expense related to each portion of an option grant is recognized on a straight-line basis over the specific vesting period for those options.

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The table below summarizes UAL stock option activity for the years ended December 31, 2012, 2011 and 2010 (shares in thousands):

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2010	6,406	\$ 22.42		
Issued in exchange for Continental options	7,366	16.77		
Exercised	(2,467)	8.13		\$ 42
Surrendered	(253)	28.77		
Outstanding at December 31, 2010	11,052	21.70		
Exercised	(2,449)	10.77		33
Surrendered	(1,657)	29.07		
Outstanding at December 31, 2011	6,946	23.80		
Exercised	(1,327)	12.42		14
Surrendered	(1,012)	30.50		
Outstanding at December 31, 2012	4,607	25.60	2.9	20
Exercisable at December 31, 2012	4,358	25.76	2.9	20

The following table provides additional information for Continental Predecessor options granted in 2010 which were valued at the Merger date:

	2010
Weighted-average fair value assumptions:	
Risk-free interest rate	0.1 - 1.8%
Dividend yield	—%
Expected market price volatility of UAL common stock	75%
Expected life of options (years)	0.1 - 6.3
Weighted-average fair value	\$ 11.52

The fair value of options is determined at the grant date, and at the Merger date in the case of Continental Predecessor options, using a Black Scholes option pricing model, which requires UAL to make several assumptions. The risk-free interest rate is based on the U.S. treasury yield curve in effect for the expected term of the option at the time of grant. The dividend yield on UAL's common stock was assumed to be zero since UAL did not have any plans to pay dividends at the time of the option grants.

The volatility assumptions were based upon historical volatilities of UAL and other comparable airlines whose shares are traded using daily stock price returns equivalent to the contractual term of the option. In addition, implied volatility data for both UAL and other comparable airlines, using current exchange-traded options, was utilized.

The expected lives of the options were determined based upon either a simplified assumption that the option will be exercised evenly from vesting to expiration or estimated using historical experience for the assumed options. The terms of certain UAL awards do not provide for the acceleration of vesting upon retirement. In addition, certain UAL awards and the assumed options awarded to employees that are retirement eligible either at the grant date or within the vesting period is considered vested at the respective retirement eligibility date.

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Restricted Stock Awards and Restricted Stock Units. During 2011, the Compensation Committee of the UAL Board of Directors determined that all outstanding UAL RSUs will be settled in cash. As of December 31, 2012, UAL, United and Continental had recorded a liability of \$57 million, \$42 million and \$15 million, respectively, related to its unvested RSUs. UAL paid \$35 million, \$57 million and \$84 million related to its share-based liabilities during 2012, 2011 and 2010, respectively, consisting of \$16 million, \$6 million and \$48 million related to United and \$19 million, \$51 million and \$36 million related to Continental Successor, respectively.

The table below summarizes UAL's RSU and restricted stock activity for the years ended December 31, 2012, 2011 and 2010 (shares in thousands):

	Restricted Stock Units	Weighted- Average Grant Price	Restricted Stock	Weighted- Average Grant Price
Non-vested at January 1, 2010	1,719	\$ 4.90	811	\$ 27.82
Assumed in Merger	—	—	20	23.66
Granted	1,395	22.20	212	24.55
Modified	(449)	21.63	449	21.63
Converted to fixed cash equivalent	(1,496)	—	(164)	—
Vested	(1,069)	22.41	(651)	31.47
Surrendered	(49)	10.55	(6)	11.03
Non-vested at December 31, 2010	51	22.85	671	17.20
Granted	3,655	19.89	536	23.87
Vested	(141)	18.13	(195)	22.26
Surrendered	(199)	19.90	(27)	23.95
Non-vested at December 31, 2011	3,366	19.98	985	23.33
Granted	1,986	22.20	545	24.01
Vested	(552)	21.21	(643)	23.05
Surrendered	(569)	22.19	(115)	24.01
Non-vested at December 31, 2012	<u>4,231</u>	22.22	<u>772</u>	23.94

The fair value of RSUs and restricted shares vested in 2012, 2011 and 2010 was \$27 million, \$7 million and \$33 million, respectively. The fair value of the restricted stock awards was primarily based upon the share price on the date of grant. These awards are accounted for as equity awards. The fair value of the cash-settled RSUs was based upon the Company's stock price as of the last day preceding the settlement date. These awards were accounted for as liability awards. Restricted stock vesting and the recognition of the expense is similar to the stock option vesting described above.

Continental Predecessor

Share-Based Compensation Expense. Total share-based compensation expense included in salaries and related costs for the nine months ended September 30, 2010 was \$57 million.

Stock Options. Stock options were awarded with exercise prices equal to the fair market value of Continental's common stock on the date of grant. Management level employee stock options typically vested over a four year period and generally had five year terms. Expense related to each portion of an option grant was recognized on a straight-line basis over the specific vesting period for those options. Outside director stock options vested in full on the date of grant and had ten year terms. All outstanding options under the Continental 2005 Pilot Supplemental Option Plan, which vested over three years and have terms of six to eight years, and the

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Continental 2005 Broad Based Employee Stock Option Plan, which vested over three years and have a term of six years, were already fully vested on the Merger closing date. Outstanding stock options granted under the Continental Incentive Plan 2000, the Continental 1998 Stock Incentive Plan, and the Continental 1997 Stock Incentive Plan became exercisable in full upon the closing of the Merger. Outstanding stock options granted under the Continental Incentive Plan 2010 vest on their original vesting schedule or earlier if the holder experiences an involuntary termination within two years of the Merger closing date.

The table below summarizes stock option transactions pursuant to Continental plans for Continental Predecessor activity for the nine months ended September 30, 2010 (shares in thousands):

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2010	8,114	\$ 16.08		
Granted	654	23.83		
Exercised	(1,652)	11.92		\$ 18
Surrendered	(92)	29.59		
Outstanding at September 30, 2010	<u>7,024</u>	17.60	2.0	61

The following table provides additional information for options granted by Continental Predecessor in 2010.

Weighted-average fair value assumptions:	2010
Risk-free interest rate	1.4%
Dividend yield	—%
Expected market price volatility of Continental common stock	88%
Expected life of options (years)	3.8
Weighted-average fair value	\$14.55

The Black-Scholes-Merton option-pricing model was used to value the options at the grant date. The risk-free interest rate was based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The dividend yield on Continental common stock was assumed to be zero since Continental historically had not paid dividends. The market price volatility of Continental common stock was based on the historical volatility of the common stock over a time period equal to the expected term of the option and ending on the grant date. The expected life of the options was based on Continental's historical experience for various work groups. Expense was recognized only for those option awards expected to vest, using an estimated forfeiture rate based on historical experience.

Profit Based RSU Awards. See *Merger Impacts-Continental Predecessor Share-Based Awards*, above, for a discussion of the impact of the Merger on PBRSU awards. Continental issued PBRSU awards pursuant to its long-term incentive and RSU programs, which provided for cash payments to Continental's officers upon the achievement of specified profit sharing-based performance targets. The performance targets required that Continental reach target levels of cumulative employee profit sharing during the performance period and that Continental had net income calculated in accordance with GAAP for the applicable fiscal year in which the cumulative profit sharing target was met. To serve as a retention feature, payments related to the achievement of a performance target generally were made in annual increments over a three-year period to participants who remain continuously employed by Continental through each payment date. Payments also were conditioned on Continental having, at the end of the fiscal year preceding the date any payment was made, a minimum unrestricted cash, cash equivalents and short-term investments balance as set by the Human Resources Committee of Continental's Board of Directors. If Continental did not achieve the minimum cash balance

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applicable to a payment date, the payment was deferred until the next payment date (March 1 of the next year), subject to a limit on the number of years payments could be carried forward. Payment amounts were calculated based on the number of PBRsUs subject to the award, the average closing price of Continental common stock during the 20 trading days preceding the payment date and the payment percentage set by the Human Resources Committee of Continental's Board of Directors for achieving the applicable profit sharing-based performance target.

Continental accounted for the PBRsU awards as liability awards. Once it became probable that a profit sharing-based performance target would be met, Continental measured the awards at fair value based on its current stock price. The related expense was recognized ratably over the required service period, which ended on each payment date, after adjustment for changes in the then-current market price of Continental's common stock.

NOTE 8 - INCOME TAXES

The significant components of the income tax expense (benefit) are as follows (in millions):

2012	UAL	United	Continental Successor	Continental Predecessor
Current	<u>\$(14)</u>	<u>\$ (8)</u>	<u>\$ (1)</u>	
Deferred	<u>13</u>	<u>17</u>	<u>(4)</u>	
	<u>\$ (1)</u>	<u>\$ 9</u>	<u>\$ (5)</u>	
2011				
Current	<u>\$ 11</u>	<u>\$ 3</u>	<u>\$ —</u>	
Deferred	<u>(6)</u>	<u>—</u>	<u>(6)</u>	
	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ (6)</u>	
2010				
Current	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 1</u>
Deferred	<u>(10)</u>	<u>(12)</u>	<u>(6)</u>	<u>—</u>
	<u>\$ —</u>	<u>\$ (12)</u>	<u>\$ (4)</u>	<u>\$ 1</u>

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The income tax provision differed from amounts computed at the statutory federal income tax rate, as follows (in millions):

Year ended December 31, 2012	UAL	United	Continental Successor	Continental Predecessor
Income tax provision at statutory rate	\$ (253)	\$ (413)	\$ 183	
State income taxes, net of federal income tax	(15)	(20)	13	
Foreign income taxes	7	6	1	
Nondeductible employee meals	12	7	5	
Nondeductible interest expense	19	19	—	
Derivative market adjustment	—	—	(15)	
Nondeductible compensation	5	3	2	
Valuation allowance	234	415	(192)	
Other, net	(10)	(8)	(2)	
	<u>\$ (1)</u>	<u>\$ 9</u>	<u>\$ (5)</u>	
Year Ended December 31, 2011				
Income tax provision at statutory rate	\$ 298	\$ 100	\$ 199	
State income taxes, net of federal income tax	(19)	(25)	8	
Nondeductible acquisition costs	(17)	(8)	(9)	
Nondeductible employee meals	12	7	5	
Nondeductible interest expense	13	13	—	
Derivative market adjustment	—	—	10	
Nondeductible compensation	9	5	5	
Valuation allowance	(294)	(92)	(223)	
Other, net	3	3	(1)	
	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ (6)</u>	
Year Ended December 31, 2010				
Income tax provision at statutory rate	\$ 87	\$ 135	\$ (35)	\$ 155
State income taxes, net of federal income tax	24	24	1	8
Nondeductible acquisition costs	45	31	14	—
Nondeductible employee meals	8	7	1	3
Nondeductible interest expense	12	12	—	—
Change in tax law - Medicare Part D Subsidy	119	119	—	—
Nondeductible compensation	13	1	12	—
Goodwill credit	(22)	(22)	—	—
Valuation allowance	(290)	(322)	9	(166)
Tax benefit resulting from intraperiod tax allocation	—	—	(6)	—
Other, net	4	3	—	1
	<u>\$ —</u>	<u>\$ (12)</u>	<u>\$ (4)</u>	<u>\$ 1</u>

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State tax benefit recorded in 2011 resulted from certain adjustments to existing state tax net operating losses, such benefit was fully offset by an increase in the valuation allowance.

We are required to consider all items of income (including items recorded in other comprehensive income) in determining the amount of tax benefit that should be allocated to a loss from continuing operations. As a result, Continental Successor recorded \$6 million of non-cash tax benefits on its loss from continuing operations for the three months ended December 31, 2010, which was exactly offset by income tax expense in other comprehensive income, a component of stockholder's equity. Because the income tax expense on other comprehensive income is equal to the income tax benefit from continuing operations, Continental's net deferred tax positions at December 31, 2010 was not impacted by this tax allocation.

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities at December 31, 2012 and 2011 were as follows (in millions):

	UAL		United		Continental	
	December 31,		December 31,		December 31,	
	2012	2011	2012	2011	2012	2011
Deferred income tax asset (liability):						
Federal and state net operating loss ("NOL") carryforwards (a)	\$ 3,025	\$ 2,911	\$ 1,707	\$ 2,024	\$ 1,250	\$ 835
Frequent flyer deferred revenue (a)	2,425	2,386	1,931	1,487	495	903
Employee benefits, including pension, postretirement, medical and the Pension Benefit Guaranty Corporation ("PBGC") notes (a)	2,488	1,897	1,648	1,275	843	703
Lease fair value adjustment	259	376	—	—	259	376
AMT credit carryforwards	251	268	246	263	5	5
Other assets (a)	947	1,251	343	560	539	581
Less: Valuation allowance	(4,603)	(4,137)	(3,068)	(2,614)	(1,435)	(1,434)
Total deferred tax assets	\$ 4,792	\$ 4,952	\$ 2,807	\$ 2,995	\$ 1,956	\$ 1,969
Depreciation, capitalized interest and other	\$ (3,705)	\$ (3,860)	\$ (2,137)	\$ (2,303)	\$ (1,565)	\$ (1,554)
Intangibles	(1,578)	(1,627)	(819)	(833)	(760)	(795)
Other liabilities	(509)	(453)	(227)	(218)	(179)	(173)
Total deferred tax liabilities	\$ (5,792)	\$ (5,940)	\$ (3,183)	\$ (3,354)	\$ (2,504)	\$ (2,522)
Net deferred tax liability	\$ (1,000)	\$ (988)	\$ (376)	\$ (359)	\$ (548)	\$ (553)

(a) Deferred tax assets for 2012 reflect adjustments made in the current year to increase UAL and United's deferred tax assets for frequent flyer deferred revenue and employee benefits by approximately \$257 million and \$187 million, respectively, and to reduce net operating loss carryforwards and other deferred tax assets by the same amounts.

As a result of the Merger, beginning October 1, 2010, Continental and its domestic consolidated subsidiaries joined the UAL federal consolidated tax return filing group, which also includes United and its domestic consolidated subsidiaries. Consolidated current and deferred tax expense was allocated to each of United and Continental using a method that treats each entity as though it had filed a separate tax return. Under the Company's tax agreement, group members are compensated for their losses and other tax benefits only if they would be able to use those losses and tax benefits on a separate return basis. Tax liabilities between group

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members are settled in cash when the losses and tax benefits of one group have been fully exhausted and the Company begins making tax payments to tax authorities. Additionally, settlement in cash is required if a member leaves the consolidated tax group. Were a member to leave the group, its separate tax losses and benefits along with the corresponding receivable or liability to other group members may vary significantly from tax losses and benefits ascribed to it while a member of the group.

In addition to the deferred tax assets listed in the table above, UAL has an \$883 million unrecorded tax benefit at December 31, 2012, primarily attributable to the difference between the amount of the financial statement expense and the allowable tax deduction for UAL common stock issued to certain unsecured creditors and employees pursuant to UAL Corporation's Chapter 11 bankruptcy protection. This unrecorded tax benefit is accounted for by analogy to Accounting Standards Codification Topic 718 which requires recognition of the tax benefit to be deferred until it is realized as a reduction of taxes payable. Although not recognized for financial reporting purposes, this unrecognized tax benefit is available to reduce future income and is incorporated into the disclosed amounts of our federal and state NOL carryforwards, which are discussed below.

The federal and state NOL carryforwards relate to prior years' NOLs, which may be used to reduce tax liabilities in future years. These tax benefits are mostly attributable to federal pre-tax NOL carryforwards of \$10.3 billion for UAL (including the NOLs discussed in the preceding paragraph). If not utilized these federal pre-tax NOLs will expire as follows (in billions): \$1.5 in 2022, \$1.6 in 2023, \$2.4 in 2024, \$2.0 in 2025 and \$2.8 after 2025. In addition, the majority of state tax benefits of the net operating losses of \$196 million for UAL expires over a five to 20-year period.

Both United and Continental experienced an "ownership change" as defined under Section 382 of the Internal Revenue Code of 1986, as amended, as a result of the Merger. However, the Company currently expects that these ownership changes will not significantly limit its ability to use its NOL and alternative minimum tax ("AMT") credit carryforwards in the carryforward period because the size of the limitation exceeds our NOL and AMT credit carryforwards.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (including the reversals of deferred tax liabilities) during the periods in which those deferred tax assets will become deductible. The Company's management assesses available positive and negative evidence regarding the realizability of its deferred tax assets and records a valuation allowance when it is more likely than not that deferred tax assets will not be realized. To form a conclusion, management considers positive evidence in the form of reversing temporary differences, projections of future taxable income and tax planning strategies, and negative evidence such as recent history of losses. Although the Company was no longer in a three-year cumulative loss position at the end of 2012, management determined that the loss in 2012, the overall modest level of cumulative pretax income in the three years ended December 31, 2012 of 0.4% of total revenues in that period and the uncertainty associated with projecting future taxable income supported the conclusion that the valuation allowance was still necessary on net deferred assets. As a result of the loss sustained in 2012 and the need to complete final integration activities that produce synergies and overcome cost increases from new labor agreements, management's position is that sufficient positive evidence to support a reversal of the remaining valuation allowance does not exist and has retained a full valuation allowance on its deferred tax assets. Management will continue to evaluate future financial performance, as well as the impacts of special charges on such performance, to determine whether such performance provides sufficient evidence to support reversal of the valuation allowance.

The December 31, 2012 valuation allowances of \$4.6 billion, \$3.1 billion and \$1.4 billion for UAL, United and Continental, respectively, if reversed in future years will reduce income tax expense. The current valuation allowance reflects increases from December 31, 2011 of \$466 million, \$454 million and \$1 million for UAL, United and Continental, respectively, including amounts charged directly to other comprehensive income.

UAL's unrecognized tax benefits related to uncertain tax positions were \$19 million, \$24 million and \$32 million at 2012, 2011 and 2010, respectively. Included in the ending balance at 2012 is \$17 million that would affect UAL's effective tax rate if recognized. The Company does not expect significant increases or decreases in their unrecognized tax benefits within the next twelve months.

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There are no significant amounts included in the balance at December 31, 2012 for tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company records penalties and interest relating to uncertain tax positions in other operating expenses and interest expense, respectively, in its consolidated statements of operations. The Company has not recorded any significant expense or liabilities related to interest or penalties in its consolidated financial statements.

The following is a reconciliation of the beginning and ending amount of unrecognized tax benefits related to UAL's uncertain tax positions (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance at January 1,	\$ 24	\$ 32	\$ 16
Decrease in unrecognized tax benefits relating to settlements with taxing authorities	(12)	—	—
Increase (decrease) in unrecognized tax benefits as a result of tax positions taken during a prior period	8	(9)	—
Decrease in unrecognized tax benefits relating from a lapse of the statute of limitations	(1)	—	—
Increase due to Continental's uncertain tax positions at the Merger closing date	—	—	6
Increase in unrecognized tax benefits as a result of tax positions taken during the current period	—	1	10
Balance at December 31,	<u>\$ 19</u>	<u>\$ 24</u>	<u>\$ 32</u>

UAL's federal income tax returns for tax years after 2002 remain subject to examination by the Internal Revenue Service ("IRS") and state taxing jurisdictions. The IRS commenced an examination of UAL's U.S. income tax returns for 2010 through 2011 in the fourth quarter of 2012. As of December 31, 2012, the IRS had not proposed any material adjustments to UAL's returns. Continental's federal income tax returns for tax years after 2001 remain subject to examination by the IRS and state taxing jurisdictions.

NOTE 9 - PENSION AND OTHER POSTRETIREMENT PLANS

The following summarizes the significant pension and other postretirement plans of United and Continental:

Pension Plans

Continental maintains two primary defined benefit pension plans, one covering pilot employees and another covering substantially all of its U.S. non-pilot employees other than Continental Micronesia and Chelsea Food Services employees. Each of these plans provide benefits based on a combination of years of benefit accruals service and an employee's final average compensation. Additional benefit accruals were frozen under the plan covering Continental's pilot employees during 2005, at which time any existing accrued benefits for pilots were preserved. Benefit accruals for Continental's non-pilot employees under its other primary defined benefit pension plan continue.

United maintains a frozen defined benefit pension plan for a small number of former employees. United and Continental each maintain additional defined benefit pension plans, which cover certain international employees.

Other Postretirement Plans

United and Continental each maintain postretirement medical programs which provide medical benefits to certain retirees and eligible dependents, as well as life insurance benefits to certain retirees participating in United's plan. Benefits provided are subject to applicable contributions, co-payments, deductible and other limits as described in the specific plan documentation.

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The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation and plan assets, the funded status and the amounts recognized in these financial statements for the defined benefit and other postretirement plans (in millions):

	Pension Benefits					
	Year Ended December 31, 2012			Year Ended December 31, 2011		
	UAL	United	Continental	UAL	United	Continental
Accumulated benefit obligation:	<u>\$ 3,978</u>	<u>\$ 235</u>	<u>\$ 3,743</u>	<u>\$ 3,321</u>	<u>\$ 220</u>	<u>\$ 3,101</u>
Change in projected benefit obligation:						
Projected benefit obligation at beginning of year	\$ 3,708	\$ 259	\$ 3,449	\$ 3,322	\$ 256	\$ 3,066
Service cost	99	7	92	88	7	81
Interest cost	184	9	175	178	10	168
Actuarial (gain) loss	702	21	681	251	(2)	253
Gross benefits paid	(162)	(12)	(150)	(137)	(8)	(129)
Other	(5)	(1)	(4)	6	(4)	10
Projected benefit obligation at end of year	<u>\$ 4,526</u>	<u>\$ 283</u>	<u>\$ 4,243</u>	<u>\$ 3,708</u>	<u>\$ 259</u>	<u>\$ 3,449</u>
Change in plan assets:						
Fair value of plan assets at beginning of year	\$ 1,868	\$ 195	\$ 1,673	\$ 1,871	\$ 183	\$ 1,688
Actual gain (loss) on plan assets	223	19	204	(47)	5	(52)
Employer contributions	228	16	212	194	24	170
Benefits paid	(162)	(12)	(150)	(137)	(8)	(129)
Other	—	3	(3)	(13)	(9)	\$ (4)
Fair value of plan assets at end of year	<u>\$ 2,157</u>	<u>\$ 221</u>	<u>\$ 1,936</u>	<u>\$ 1,868</u>	<u>\$ 195</u>	<u>\$ 1,673</u>
Funded status—Net amount recognized	<u>\$(2,369)</u>	<u>\$ (62)</u>	<u>\$ (2,307)</u>	<u>\$(1,840)</u>	<u>\$ (64)</u>	<u>\$ (1,776)</u>

	Pension Benefits					
	December 31, 2012			December 31, 2011		
	UAL	United	Continental	UAL	United	Continental
Amounts recognized in the consolidated balance sheets consist of:						
Noncurrent asset	\$ 35	\$ 35	\$ —	\$ 31	\$ 31	\$ —
Current liability	(4)	—	(4)	(9)	(3)	(6)
Noncurrent liability	(2,400)	(97)	(2,303)	(1,862)	(92)	(1,770)
Total liability	<u>\$ (2,369)</u>	<u>\$ (62)</u>	<u>\$ (2,307)</u>	<u>\$(1,840)</u>	<u>\$ (64)</u>	<u>\$ (1,776)</u>
Amounts recognized in accumulated other comprehensive income (loss) consist of:						
Net actuarial gain (loss)	\$ (826)	\$ (22)	\$ (804)	\$ (231)	\$ (10)	\$ (221)
Prior service credit (cost)	2	15	(13)	3	18	(15)
Total accumulated other comprehensive income (loss)	<u>\$ (824)</u>	<u>\$ (7)</u>	<u>\$ (817)</u>	<u>\$ (228)</u>	<u>\$ 8</u>	<u>\$ (236)</u>

	Other Postretirement Benefits					
	Year Ended December 31, 2012			Year Ended December 31, 2011		
	UAL	United	Continental	UAL	United	Continental
Change in benefit obligation:						
Benefit obligation at beginning of year	\$ 2,541	\$ 2,233	\$ 308	\$ 2,494	\$ 2,225	\$ 269
Service cost	50	35	15	47	34	13
Interest cost	124	109	15	127	113	14
Plan participants' contributions	77	75	2	73	70	3
Pilots' liability transfer	—	76	(76)	—	—	—
Actuarial (gain) loss	110	120	(10)	(2)	(25)	23
Federal subsidy	13	13	—	13	13	—
Plan amendments	22	22	—	3	3	—
Gross benefits paid	(194)	(180)	(14)	(214)	(200)	(14)
Benefit obligation at end of year	<u>\$ 2,743</u>	<u>\$ 2,503</u>	<u>\$ 240</u>	<u>\$ 2,541</u>	<u>\$ 2,233</u>	<u>\$ 308</u>
Change in plan assets:						
Fair value of plan assets at beginning of year	\$ 58	\$ 58	\$ —	\$ 58	\$ 58	\$ —
Actual return on plan assets	1	1	—	1	1	—
Employer contributions	116	104	12	141	129	12
Plan participants' contributions	77	75	2	72	70	2
Benefits paid	(194)	(180)	(14)	(214)	(200)	(14)
Fair value of plan assets at end of year	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ —</u>	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ —</u>
Funded status—Net amount recognized	<u>\$ (2,685)</u>	<u>\$ (2,445)</u>	<u>\$ (240)</u>	<u>\$ (2,483)</u>	<u>\$ (2,175)</u>	<u>\$ (308)</u>

	Other Postretirement Benefits					
	December 31, 2012			December 31, 2011		
	UAL	United	Continental	UAL	United	Continental
Amounts recognized in the consolidated balance sheets consist of:						
Current liability	\$ (71)	\$ (61)	\$ (10)	\$ (76)	\$ (60)	\$ (16)
Noncurrent liability	(2,614)	(2,384)	(230)	(2,407)	(2,115)	(292)
Total liability	<u>\$(2,685)</u>	<u>\$(2,445)</u>	<u>\$ (240)</u>	<u>\$(2,483)</u>	<u>\$(2,175)</u>	<u>\$ (308)</u>
Amounts recognized in accumulated other comprehensive income (loss) consist of:						
Net actuarial gain (loss)	\$ (79)	\$ (80)	\$ 1	\$ 33	\$ 46	\$ (13)
Prior service cost	(24)	(24)	—	(2)	(2)	—
Total accumulated other comprehensive income (loss)	<u>\$ (103)</u>	<u>\$ (104)</u>	<u>\$ 1</u>	<u>\$ 31</u>	<u>\$ 44</u>	<u>\$ (13)</u>

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The following information relates to all pension plans with an accumulated benefit obligation and a projected benefit obligation in excess of plan assets at December 31 (in millions):

	UAL		United		Continental	
	2012	2011	2012	2011	2012	2011
Projected benefit obligation	\$ 4,387	\$ 3,594	\$ 144	\$ 145	\$ 4,243	\$ 3,449
Accumulated benefit obligation	3,869	3,230	125	129	3,744	3,101
Fair value of plan assets	1,991	1,731	55	58	1,936	1,673

Net periodic benefit cost for the years ended December 31, included the following components (in millions):

	2012					
	Pension Benefits			Other Postretirement Benefits		
	UAL	United	Continental	UAL	United	Continental
Service cost	\$ 99	\$ 7	\$ 92	\$ 50	\$ 35	\$ 15
Interest cost	184	9	175	124	109	15
Expected return on plan assets	(138)	(11)	(127)	(2)	(2)	—
Amortization of prior service cost (credit)	(1)	(2)	1	—	—	—
Settlement (gain) loss	1	—	1	—	—	—
Amortization of unrecognized actuarial (gain) loss	21	1	20	(3)	(4)	1
Net periodic benefit cost	<u>\$ 166</u>	<u>\$ 4</u>	<u>\$ 162</u>	<u>\$ 169</u>	<u>\$ 138</u>	<u>\$ 31</u>

	2011					
	Pension Benefits			Other Postretirement Benefits		
	UAL	United	Continental	UAL	United	Continental
Service cost	\$ 88	\$ 7	\$ 81	\$ 47	\$ 34	\$ 13
Interest cost	178	10	168	127	113	14
Expected return on plan assets	(140)	(11)	(129)	(2)	(2)	—
Amortization of prior service cost (credit)	(2)	(2)	—	—	—	—
Settlement (gain) loss	1	1	—	—	—	—
Amortization of unrecognized actuarial (gain) loss	(20)	1	(21)	(2)	(1)	(1)
Net periodic benefit cost	<u>\$ 105</u>	<u>\$ 6</u>	<u>\$ 99</u>	<u>\$ 170</u>	<u>\$ 144</u>	<u>\$ 26</u>

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	2010							
	Pension Benefits				Other Postretirement Benefits			
	UAL	United	Continental Successor	Continental Predecessor	UAL	United	Continental Successor	Continental Predecessor
Service cost	\$ 27	\$ 6	\$ 21	\$ 50	\$ 33	\$ 30	\$ 3	\$ 7
Interest cost	51	9	42	119	120	116	4	10
Expected return on plan assets	(39)	(9)	(30)	(82)	(2)	(2)	—	—
Curtailement gain	(7)	—	(7)	—	—	—	—	—
Amortization of prior service cost (credit)	(2)	(2)	—	7	—	—	—	16
Special termination benefits	4	—	4	—	—	—	—	—
Amortization of unrecognized actuarial (gain) loss	1	1	—	65	(12)	(12)	—	(3)
Net periodic benefit cost	<u>\$ 35</u>	<u>\$ 5</u>	<u>\$ 30</u>	<u>\$ 159</u>	<u>\$139</u>	<u>\$132</u>	<u>\$ 7</u>	<u>\$ 30</u>

The estimated amounts that will be amortized in 2013 for actuarial losses are as follows (in millions):

	Pension Benefits			Other Postretirement Benefits		
	UAL	United	Continental	UAL	United	Continental
Actuarial loss to be reclassified from accumulated other comprehensive income into net periodic benefit cost	\$ 73	\$ 2	\$ 71	\$ 7	\$ 7	\$ —

The weighted-average assumptions used for the benefit plans were as follows:

	Pension Benefits			
	United		Continental	
	2012	2011	2012	2011
Weighted-average assumptions used to determine benefit obligations				
Discount rate	3.25%	3.34%	4.25%	5.13%
Rate of compensation increase	3.28%	3.11%	2.44%	2.44%
Weighted-average assumptions used to determine net expense				
Discount rate	3.40%	3.67%	5.13%	5.52%
Expected return on plan assets	5.65%	5.82%	7.75%	7.75%
Rate of compensation increase	3.15%	3.32%	2.44%	2.44%
	Other Postretirement Benefits			
	United		Continental	
	2012	2011	2012	2011
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.13%	4.93%	3.97%	4.78%
Weighted-average assumptions used to determine net expense				
Discount rate	4.93%	5.15%	4.78%	4.97%
Expected return on plan assets	4.00%	4.00%	N/A	N/A
Health care cost trend rate assumed for next year	6.75%	7.00%	6.75%	7.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate in 2020)	5.00%	5.00%	5.00%	5.00%

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UAL selected the 2012 discount rate for each of its plans by using a hypothetical portfolio of high quality bonds at December 31, 2012, that would provide the necessary cash flows to match projected benefit payments.

We develop our expected long-term rate of return assumption based on historical experience and by evaluating input from the trustee managing the plans' assets. Our expected long-term rate of return on plan assets is based on a target allocation of assets, which is based on our goal of earning the highest rate of return while maintaining risk at acceptable levels. The plans strive to have assets sufficiently diversified so that adverse or unexpected results from one security class will not have an unduly detrimental impact on the entire portfolio. We regularly review our actual asset allocation and the pension plans' investments are periodically rebalanced to our targeted allocation when considered appropriate. Continental's plan assets are allocated within the following guidelines:

	<u>Percent of Total</u>	<u>Expected Long-Term Rate of Return</u>
Equity securities	38-54 %	9.5 %
Fixed-income securities	27-33	6.0
Alternatives	17-23	7.3
Other	2-6	3.8

United's target allocation for the defined benefit pension plan assets is 57% in equity securities and 43% in fixed income securities, while 100% of other postretirement plan assets are invested in a deposit administration fund.

Assumed health care cost trend rates have a significant effect on the amounts reported for the other postretirement plans. A 1% change in the assumed health care trend rate for the Company would have the following additional effects (in millions):

	<u>UAL</u>		<u>United</u>		<u>Continental</u>	
	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost for the year ended December 31, 2012	\$ 22	\$ (18)	\$ 17	\$ (14)	\$ 5	\$ (4)
Effect on postretirement benefit obligation at December 31, 2012	338	(280)	296	(247)	42	(33)

A one percentage point decrease in the weighted average discount rate would increase UAL's postretirement benefit liability by approximately \$336 million and increase the estimated 2012 benefits expense by approximately \$23 million.

Fair Value Information. Accounting standards require us to use valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1	Unadjusted quoted prices in active markets for assets or liabilities identical to those to be reported at fair value
Level 2	Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs
Level 3	Unobservable inputs for which there is little or no market data and which require us to develop our own assumptions about how market participants would price the assets or liabilities

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The following tables present information about the Company's pension and other postretirement plan assets at December 31 (in millions):

Pension Plan Assets:	UAL - 2012				UAL - 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Equity securities funds	\$1,034	\$ 383	\$ 651	\$ —	\$ 872	\$ 355	\$ 517	\$ —
Fixed-income securities	611	—	609	2	530	—	530	—
Alternatives	394	—	234	160	344	—	195	149
Insurance contract	36	—	—	36	42	—	—	42
Other investments	82	—	82	—	80	—	80	—
Total	\$2,157	\$ 383	\$1,576	\$ 198	\$ 1,868	\$ 355	\$1,322	\$ 191
Other Postretirement Benefit Plan Assets:								
Deposit administration fund	\$ 58	\$ —	\$ —	\$ 58	\$ 58	\$ —	\$ —	\$ 58

Pension Plan Assets:	United - 2012				United - 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Equity securities funds	\$ 125	\$ —	\$ 125	\$ —	\$102	\$ —	\$ 102	\$ —
Fixed-income securities	56	—	56	—	47	—	47	—
Insurance contract	36	—	—	36	42	—	—	42
Other investments	4	—	4	—	4	—	4	—
Total	\$ 221	\$ —	\$ 185	\$ 36	\$195	\$ —	\$ 153	\$ 42
Other Postretirement Benefit Plan Assets:								
Deposit administration fund	\$ 58	\$ —	\$ —	\$ 58	\$ 58	\$ —	\$ —	\$ 58

Pension Plan Assets:	Continental - 2012				Continental - 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Equity securities funds	\$ 909	\$ 383	\$ 526	\$ —	\$ 770	\$ 355	\$ 415	\$ —
Fixed-income securities	555	—	553	2	483	—	483	—
Alternatives	394	—	234	160	344	—	195	149
Other investments	78	—	78	—	76	—	76	—
Total	\$1,936	\$ 383	\$ 1,391	\$ 162	\$1,673	\$ 355	\$ 1,169	\$ 149

Equity and Fixed-Income Securities. Equity securities include investments in both developed market and emerging market equity securities. Fixed-income securities include primarily U.S. and non-U.S. government fixed-income securities and U.S. and non-U.S corporate fixed-income securities along with asset-backed securities.

Insurance Contract and Deposit Administration Fund. Each of these investments are stable value investment products structured to provide investment income.

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Alternatives. Alternative investments consist primarily of investments in hedge fund and private equity interests.

Other investments. Other investments consist primarily of investments in currency and commodity commingled funds.

The reconciliation of our defined benefit plan assets measured at fair value using unobservable inputs (Level 3) for the years ended December 31, 2012 and 2011 is as follows (in millions):

	2012			2011		
	UAL	United	Continental	UAL	United	Continental
Balance at beginning of year	\$ 249	\$ 100	\$ 149	\$250	\$ 100	\$ 150
Actual return on plan assets:						
Unrealized gains (losses) relating to assets still held at year end	(47)	2	(49)	6	3	3
Purchases, sales, issuances and settlements (net)	54	(8)	62	(7)	(3)	(4)
Balance at end of year	<u>\$ 256</u>	<u>\$ 94</u>	<u>\$ 162</u>	<u>\$249</u>	<u>\$ 100</u>	<u>\$ 149</u>

Funding requirements for tax-qualified defined benefit pension plans are determined by government regulations. The Company's contributions reflected above have satisfied its required contributions through the 2012 calendar year. Expected 2013 employer contributions to all of the Company's pension and postretirement plans are as follows (in millions):

	Pension		Other Postretirement Benefits	
UAL	\$	217	\$	134
United		17		124
Continental		200		10

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Each of UAL's, United's and Continental's estimated future benefit payments, net of expected participant contributions, in all of the pension plans and other postretirement benefit plans as of December 31, 2012 are as follows (in millions):

	<u>Pension</u>	<u>Other Postretirement</u>	<u>Other Postretirement—subsidy receipts</u>
UAL			
2013	\$ 312	\$ 136	\$ 7
2014	317	143	8
2015	321	150	9
2016	320	159	10
2017	317	166	11
Years 2018			
– 2022	1,579	964	61
United			
2013	\$ 11	\$ 126	\$ 7
2014	11	131	8
2015	9	137	9
2016	10	144	10
2017	11	150	11
Years 2018			
– 2022	67	865	61
Continental			
2013	\$ 301	\$ 10	\$ —
2014	306	12	—
2015	312	13	—
2016	310	15	—
2017	306	16	—
Years 2018			
– 2022	1,512	99	—

Defined Contribution Plans

Depending upon the employee group, employer contributions consist of matching contributions and/or non-elective employer contributions. United's and Continental's employer contribution percentages vary from 2% to 16% and less than 1% to 16%, respectively, of eligible earnings depending on the terms of each plan. The Company's contributions to its defined contribution plans for the years ended December 31 were as follows (in millions):

	<u>UAL (a)</u>	<u>United (a)</u>	<u>Continental Successor</u>	<u>Continental Predecessor</u>
2012	\$ 366	\$ 254	\$ 112	
2011	325	230	95	
2010	254	231	23	\$ 74

(a) UAL and United amounts include International Association of Machinists ("IAM") multi-employer plan contributions of \$36 million, \$34 million and \$34 million for years ended December 31, 2012, 2011 and 2010, respectively.

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Multi-Employer Plans

In 2006, United began participating in the IAM National Pension Plan (“IAM Plan”) with respect to certain employees. The IAM Plan is a multi-employer pension plan whereby contributions by the participating company are based on covered hours by the applicable covered employees. The risks of participating in these multi-employer plans are different from single-employer plans, as the Company can be subject to additional risks that others do not meet their obligations, which in certain circumstances could revert to United.

United’s participation in the IAM Plan for the annual period ended December 31, 2012 is outlined in the table below. There have been no significant changes that affect the comparability of 2012 and 2011 contributions. United’s contributions to the IAM Plan was \$36 million, \$34 million and \$34 million for the years ended December 31, 2012, 2011 and 2010, respectively. The IAM Plan reported \$350 million in employers’ contributions for the year ended December 31, 2011. For 2011, United’s contribution to the IAM Plan represented more than 5% of total contributions.

Pension Fund	IAM National Pension Fund
EIN/ Pension Plan Number	51-6031295 - 002
Pension Protection Act Zone Status (2012 and 2011)*	Green Zone
FIP/RP Status Pending/Implemented	No
United’s Contributions	\$36 million and \$34 million in the years ended December 31, 2012 and 2011, respectively
Surcharge Imposed	No
Expiration Date of Collective Bargaining Agreement	N/A

* Plans in the green zone are at least 80 percent funded.

At the date the financial statements were issued, Forms 5500 were not available for the plan year ending in 2012.

Profit Sharing

In 2012 and 2011, substantially all employees participated in profit sharing plans, which paid 15% of total pre-tax earnings, excluding special items and share-based compensation expense, to eligible employees when pre-tax profit, excluding special items, profit sharing expense and share-based compensation program expense, exceeds \$10 million. Eligible U.S. co-workers in each participating work group received a profit sharing payout using a formula based on the ratio of each qualified co-worker’s annual eligible earnings to the eligible earnings of all qualified co-workers in all domestic workgroups. The international profit sharing plan paid eligible non-U.S. co-workers the same percentage of eligible pay that is calculated under the U.S. profit sharing plan.

UAL recorded profit sharing and related payroll tax expense of \$119 million in 2012, all of which was recorded by Continental. UAL, United and Continental recorded profit sharing and related payroll tax expense of \$265 million, \$122 million, and \$143 million, respectively, in 2011. UAL, United, Continental Successor and Continental Predecessor recorded profit sharing and related payroll tax expense of \$166 million, \$165 million, less than \$1 million and \$77 million, respectively, in 2010. Profit sharing expense is recorded as a component of salaries and related costs in the consolidated statements of operations.

During 2010, United and Continental maintained separate employee profit sharing plans for the employees of each respective subsidiary. United’s profit sharing plan paid 15% of total GAAP pre-tax profits, excluding special items and share-based compensation expense, to the employees of United when pre-tax profit excluding special items, profit sharing expense and share-based compensation program expense exceeded \$10 million. Continental’s profit sharing plan created an award pool of 15% of annual pre-tax income excluding special, unusual or non-recurring items.

NOTE 10 - SEGMENT INFORMATION

Operating segments are defined as components of an enterprise with separate financial information, which are evaluated regularly by the chief operating decision maker and are used in resource allocation and performance assessments.

The Company deploys its aircraft across its route network through a single route scheduling system to maximize the value of UAL. When making resource allocation decisions, the Company's chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics, but gives no weight to the financial impact of the resource allocation decision on an individual carrier basis. The Company's chief operating decision maker makes resource allocation decisions to maximize the Company's consolidated financial results. Managing the Company as one segment allows management the opportunity to maximize the value of its route network.

The Company's operating revenue by principal geographic region (as defined by the U.S. Department of Transportation) for the years ended December 31 is presented in the table below (in millions):

	2012	UAL	United	Continental Successor	Continental Predecessor
Domestic (U.S. and Canada)	\$ 21,276	\$ 12,350	\$ 9,710		
Pacific	6,040	4,327	1,713		
Atlantic	6,582	3,359	3,223		
Latin America	3,254	925	2,329		
Total	<u>\$ 37,152</u>	<u>\$ 20,961</u>	<u>\$ 16,975</u>		
	2011				
Domestic (U.S. and Canada)	\$ 21,922	\$ 13,048	\$ 9,094		
Pacific	5,404	3,845	1,559		
Atlantic	6,675	3,483	3,192		
Latin America	3,109	779	2,330		
Total	<u>\$ 37,110</u>	<u>\$ 21,155</u>	<u>\$ 16,175</u>		
	2010				
Domestic (U.S. and Canada)	\$ 14,382	\$ 12,407	\$ 1,991	\$ 5,870	
Pacific	3,971	3,600	371	1,080	
Atlantic	3,912	3,212	700	2,299	
Latin America	1,060	559	501	1,539	
Total	<u>\$ 23,325</u>	<u>\$ 19,778</u>	<u>\$ 3,563</u>	<u>\$ 10,788</u>	

The Company attributes revenue among the geographic areas based upon the origin and destination of each flight segment. The Company's operations involve an insignificant level of dedicated revenue-producing assets in geographic regions as the overwhelming majority of the Company's revenue producing assets (primarily U.S. registered aircraft) can be deployed in any of its geographic regions.

NOTE 11 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The tables below present the components of the Company's accumulated other comprehensive income (loss) ("AOCI"), net of tax (in millions):

UAL	Pension and Other Postretirement Unrecognized Actuarial Gains (Losses) and Prior Service Cost	Unrealized Gain (Loss) on Derivatives and Other Financial Instruments	Total
Balance at December 31, 2009	\$ 57	\$ (22)	\$ 35
Derivative financial instruments:			
Reclassification of losses into earnings	—	68	68
Change in fair value of derivatives	—	168	168
Change in fair value of other financial instruments	—	21	21
Employee benefit plans:			
Reclassification of unrecognized net actuarial gains into earnings	(12)	—	(12)
Current year actuarial gains	107	—	107
Balance at December 31, 2010	152	235	387
Derivative financial instruments:			
Reclassification of gains into earnings	—	(503)	(503)
Change in fair value of derivatives	—	163	163
Employee benefit plans:			
Reclassification of unrecognized net actuarial gains into earnings	(24)	—	(24)
Current year actuarial losses	(440)	—	(440)
Balance at December 31, 2011	(312)	(105)	(417)
Derivative financial instruments:			
Reclassification of losses into earnings	—	141	141
Change in fair value of derivatives	—	(51)	(51)
Change in fair value of other financial instruments	—	11	11
Employee benefit plans:			
Reclassification of unrecognized net actuarial losses into earnings	17	—	17
Current year actuarial losses	(747)	—	(747)
Balance at December 31, 2012	<u>\$ (1,042)</u>	<u>\$ (4)</u>	<u>\$ (1,046)</u>

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United	Pension and Other Postretirement Unrecognized Actuarial Gains (Losses) and Prior Service Cost	Unrealized Gain (Loss) on Derivative Instruments and Other Financial Instruments	Total
Balance at December 31, 2009	\$ 57	\$ (22)	\$ 35
Derivative financial instruments:			
Reclassification of losses into earnings	—	84	84
Change in fair value of derivatives	—	101	101
Change in fair value of other financial instruments	—	19	19
Employee benefit plans:			
Reclassification of unrecognized net actuarial gains into earnings	(12)	—	(12)
Current year actuarial losses	(136)	—	(136)
Balance at December 31, 2010	(91)	182	91
Derivative financial instruments:			
Reclassification of gains into earnings	—	(417)	(417)
Change in fair value of derivatives	—	172	172
Change in fair value of other financial instruments	—	(3)	(3)
Employee benefit plans:			
Reclassification of unrecognized net actuarial gains into earnings	(2)	—	(2)
Current year actuarial gains	31	—	31
Balance at December 31, 2011	(62)	(66)	(128)
Derivative financial instruments:			
Reclassification of losses into earnings	—	76	76
Change in fair value of derivatives	—	(23)	(23)
Change in fair value of other financial instruments	—	7	7
Employee benefit plans:			
Reclassification of unrecognized net actuarial gains into earnings	(5)	—	(5)
Current year actuarial losses	(159)	—	(159)
Balance at December 31, 2012	\$ (226)	\$ (6)	\$ (232)

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	Pension and Other Postretirement Unrecognized Actuarial Gains (Losses) and Prior Service Cost	Unrealized Gain (Loss) on Derivatives and Other Financial Instruments	Income Tax Benefit (Expense)	Total
Continental - Predecessor Company				
Balance at December 31, 2009	\$ (1,275)	\$ 12	\$ 78	\$(1,185)
Derivative financial instruments:				
Reclassification of losses into earnings	—	24	—	24
Change in fair value of derivatives	—	(13)	—	(13)
Employee benefit plans:				
Reclassification of unrecognized net actuarial loss into earnings	62	—	—	62
Reclassification of prior service cost into earnings	23	—	—	23
Current year actuarial losses	(3)	—	—	(3)
Balance at September 30, 2010	<u>\$ (1,193)</u>	<u>\$ 23</u>	<u>\$ 78</u>	<u>\$(1,092)</u>
Continental—Successor Company				
Elimination of accumulated other comprehensive income in connection with the Merger				
	<u>\$ 1,193</u>	<u>\$ (23)</u>	<u>\$ (78)</u>	<u>\$ 1,092</u>
Balance at October 1, 2010	—	—	—	—
Derivative financial instruments:				
Reclassification of gains into earnings	—	(16)	—	(16)
Change in fair value of derivatives	—	67	—	67
Change in fair value of other financial instruments	—	2	—	2
Current year actuarial gains	243	—	—	243
Income tax expense on other comprehensive income (a)	—	—	(6)	(6)
Balance at December 31, 2010	<u>243</u>	<u>53</u>	<u>(6)</u>	<u>290</u>
Derivative financial instruments:				
Reclassification of gains into earnings	—	(86)	—	(86)
Change in fair value of derivatives	—	(9)	—	(9)
Change in fair value of other financial instruments	—	1	—	1
Employee benefit plans:				
Reclassification of unrecognized net actuarial gains into earnings	(22)	—	—	(22)
Current year actuarial losses	(471)	—	—	(471)
Balance at December 31, 2011	<u>(250)</u>	<u>(41)</u>	<u>(6)</u>	<u>(297)</u>
Derivative financial instruments:				
Reclassification of losses into earnings	—	65	—	65
Change in fair value of derivatives	—	(28)	—	(28)
Change in fair value of other financial instruments	—	5	—	5
Employee benefit plans:				
Reclassification of unrecognized net actuarial losses into earnings	22	—	—	22
Current year actuarial losses	(588)	—	—	(588)
Balance at December 31, 2012	<u>\$ (816)</u>	<u>\$ 1</u>	<u>\$ (6)</u>	<u>\$ (821)</u>

(a) Taxes on other comprehensive income did not impact Continental's net deferred tax position due to an offsetting tax benefit on the loss from continuing operations as described in Note 8.

NOTE 12 - FAIR VALUE MEASUREMENTS

Fair Value Information. Accounting standards require us to use valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 Unadjusted quoted prices in active markets for assets or liabilities identical to those to be reported at fair value
 Level 2 Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs
 Unobservable inputs for which there is little or no market data and which require us to develop our own assumptions about how market participants
 Level 3 would price the assets or liabilities

The table below presents disclosures about the fair value of financial assets and financial liabilities measured at fair value on a recurring basis in the Company's financial statements as of December 31 (in millions):

	2012				2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	UAL							
Cash and cash equivalents	\$ 4,770	\$ 4,770	\$ —	\$ —	\$ 6,246	\$ 6,246	\$ —	\$ —
Short-term investments:								
Asset-backed securities	715	—	715	—	478	—	478	—
Corporate debt	537	—	537	—	515	—	515	—
Certificates of deposit placed through an account registry service ("CDARS")	367	—	367	—	355	—	355	—
Auction rate securities	116	—	—	116	113	—	—	113
U.S. government and agency notes	12	—	12	—	22	—	22	—
Other fixed income securities	26	—	26	—	33	—	33	—
Enhanced equipment trust certificates ("EETC")	63	—	—	63	60	—	—	60
Fuel derivatives, net	46	—	46	—	73	—	73	—
Foreign currency derivatives	—	—	—	—	(1)	—	(1)	—
Restricted cash	447	447	—	—	569	569	—	—
	United							
Cash and cash equivalents	\$ 2,766	\$ 2,766	\$ —	\$ —	\$ 3,458	\$ 3,458	\$ —	\$ —
Short-term investments:								
Asset-backed securities	16	—	16	—	29	—	29	—
Corporate debt	139	—	139	—	138	—	138	—
CDARS	139	—	139	—	87	—	87	—
U.S. government and agency notes	8	—	8	—	5	—	5	—
Other fixed income securities	24	—	24	—	16	—	16	—
EETC	63	—	—	63	60	—	—	60
Fuel derivatives, net	28	—	28	—	44	—	44	—
Restricted cash	337	337	—	—	433	433	—	—

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	2012				2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	Continental							
Cash and cash equivalents	\$ 1,999	\$ 1,999	\$ —	\$ —	\$ 2,782	\$ 2,782	\$ —	\$ —
Short-term investments:								
Asset-backed securities	699	—	699	—	449	—	449	—
Corporate debt	398	—	398	—	377	—	377	—
CDARS	228	—	228	—	268	—	268	—
Auction rate securities	116	—	—	116	113	—	—	113
U.S. government and agency notes	4	—	4	—	17	—	17	—
Other fixed income securities	2	—	2	—	17	—	17	—
Fuel derivatives, net	18	—	18	—	29	—	29	—
Foreign currency derivatives	—	—	—	—	(1)	—	(1)	—
Restricted cash	110	110	—	—	135	135	—	—
Convertible debt derivative asset	268	—	—	268	193	—	—	193
Convertible debt option liability	(128)	—	—	(128)	(95)	—	—	(95)

The tables below present disclosures about the activity for “Level 3” financial assets and financial liabilities for the year ended December 31 (in millions):

UAL (a)	2012		2011	
	Auction Rate Securities	EETC	Auction Rate Securities	EETC
Balance at January 1	\$ 113	\$ 60	\$ 119	\$ 66
Settlements	—	(5)	(10)	(4)
Gains reported in earnings	1	—	3	—
Reported in other comprehensive income (loss)	2	8	1	(2)
Balance at December 31	\$ 116	\$ 63	\$ 113	\$ 60

(a) For 2012 and 2011, United’s only Level 3 recurring measurements are the above EETC securities.

As of December 31, 2012, Continental’s auction rate securities, which had a par value of \$135 million, were variable-rate debt instruments with contractual maturities generally greater than ten years and with interest rates that reset every 7, 28 or 35 days, depending on the terms of the particular instrument. These securities are backed by pools of student loans guaranteed by state-designated guaranty agencies and reinsured by the U.S. government. All of the auction rate securities that Continental holds are senior obligations under the applicable indentures authorizing the issuance of the securities.

As of December 31, 2012, United’s EETC securities had unrealized gains of \$2 million. All changes in the fair value of these investments have been classified within accumulated other comprehensive income.

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Continental's debt-related derivatives presented in the tables above relate to (a) supplemental indenture agreements that provide that Continental's convertible debt, which was previously convertible into shares of Continental common stock, is convertible into shares of UAL common stock upon the terms and conditions specified in the indentures, and (b) the embedded conversion options in Continental's convertible debt that are required to be separated and accounted for as though they are free-standing derivatives as a result of the Continental debt becoming convertible into the common stock of a different reporting entity. These derivatives are reported in Continental's separate financial statements and eliminated in consolidation for UAL.

Continental	2012			2011		
	Student Loan-Related Auction Rate Securities	Convertible Debt Supplemental Derivative Asset	Convertible Debt Conversion Option Liability	Student Loan-Related Auction Rate Securities	Convertible Debt Supplemental Derivative Asset	Convertible Debt Conversion Option Liability
Balance at January 1	\$ 113	\$ 193	\$ (95)	\$ 119	\$ 286	\$ (164)
Purchases, sales, issuances and settlements (net)	—	—	—	(10)	—	—
Gains and (losses):						
Reported in earnings:						
Realized	—	—	—	1	—	—
Unrealized	1	75	(33)	2	(93)	69
Reported in other comprehensive income	2	—	—	1	—	—
Balance at December 31	<u>\$ 116</u>	<u>\$ 268</u>	<u>\$ (128)</u>	<u>\$ 113</u>	<u>\$ 193</u>	<u>\$ (95)</u>

Derivative instruments and investments presented in the tables above have the same fair value as their carrying value. The table below presents the carrying values and estimated fair values of financial instruments not presented in the tables above for the years ended December 31 (in millions):

	Fair Value of Debt by Fair Value Hierarchy Level									
	2012					2011				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
UAL debt	\$ 12,252	\$ 13,419	\$ —	\$ 8,045	\$ 5,374	\$ 11,682	\$ 11,992	\$ —	\$ 859	\$ 11,133
United debt	5,375	5,595	—	2,272	3,323	5,745	5,630	—	—	5,630
Continental debt	6,475	6,865	—	4,814	2,051	5,528	5,503	—	—	5,503

Quantitative Information About Level 3 Fair Value Measurements as of December 31, 2012 (\$ in millions)

Item	Fair Value at December 31, 2012	Valuation Technique	Unobservable Input	Range (Weighted Average)
Auction rate securities	\$ 116	Discounted Cash Flows	Credit risk premium (a) Illiquidity premium (b) Expected repayments (c)	1% 5% Assumed repayment in years 2013 through 2036
EETC	63	Discounted Cash Flows	Structure credit risk (d)	6% - 7% (6%)
Convertible debt derivative asset	268	Binomial Lattice Model	Expected volatility (e) Own credit risk (f)	45% - 60% (48%) 7% - 9% (8%)
Convertible debt option liability	(128)	Binomial Lattice Model	Expected volatility (e) Own credit risk (f)	45% - 60% (49%) 7% - 9% (8%)

(a) Represents the credit risk premium component of the discount rate that the Company has determined market participants would use in pricing the investments.

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- (b) Represents the illiquidity premium component of the discount rate that the Company has determined market participants would use in pricing the investments.
- (c) Represents the estimated timing of principal repayments used in the discounted cash flow model.
- (d) Represents the credit risk premium of the EETC structure above the risk-free rate that the Company has determined market participants would use in pricing the instruments.
- (e) Represents the range in volatility estimates that the Company has determined market participants would use when pricing the instruments.
- (f) Represents the range of Company-specific risk adjustments that the Company has determined market participants would use as a model input.

Fair value of the Company's financial instruments was determined as follows:

Description	Fair Value Methodology
<i>Cash, Cash Equivalents, Short-term Investments, Investments and Restricted Cash</i>	The carrying amounts approximate fair value because of the short-term maturity of these assets and liabilities. These assets have maturities of less than one year except for the EETCs, auction rate securities and corporate debt. Fair value is based on (a) the trading prices of the investment or similar instruments, (b) an income approach, which uses valuation techniques to convert future amounts into a single present amount based on current market expectations about those future amounts when observable trading prices are not available, or (c) internally-developed models of the expected future cash flows related to the securities.
<i>Fuel Derivatives</i>	Derivative contracts are privately negotiated contracts and are not exchange traded. Fair value measurements are estimated with option pricing models that employ observable inputs. Inputs to the valuation models include contractual terms, market prices, yield curves, fuel price curves and measures of volatility, among others.
<i>Foreign Currency Derivatives</i>	Fair value is determined with a formula utilizing observable inputs. Significant inputs to the valuation models include contractual terms, risk-free interest rates and forward exchange rates.
<i>Debt</i>	Fair values were based on either market prices or the discounted amount of future cash flows using our current incremental rate of borrowing for similar liabilities.
<i>Convertible Debt Derivative Asset and Option Liability</i>	The Company used a binomial lattice model to value the conversion options and the supplemental derivative assets. Significant binomial model inputs that are not objectively determinable include volatility and discount rate.

Nonrecurring Fair Value Measurements

The table below presents fair value measurements of nonfinancial assets at UAL and Continental that were performed during the years ended December 31 (in millions):

	2012		2011	
	Fair Value	Loss	Fair Value	Loss
Airport slots	\$ 102	\$ 30	\$ 8	\$ 4

During 2012 and 2011, Continental recorded impairment charges of \$30 million and \$4 million, respectively, on certain intangible assets related to foreign take-off and landing slots to reflect the estimated fair value of these assets as part of its annual impairment test of indefinite-lived intangible assets. Slots were valued using a combination of the income and market approaches. The Company considers the valuation of the items above to be Level 3 due to the inclusion of unobservable inputs.

NOTE 13 - HEDGING ACTIVITIES

Fuel Derivatives

Aircraft fuel has been the Company's single largest and most volatile operating expense for the last several years. The availability and price of aircraft fuel significantly affects the Company's operations, results of operations, financial position and liquidity. Aircraft fuel prices can fluctuate based on a multitude of factors including market expectations of supply and demand balance, inventory levels, geopolitical events, economic growth expectations, fiscal/monetary policies and financial investment flows. To protect against increases in the prices of aircraft fuel, the Company routinely hedges a portion of its future fuel requirements. As of December 31, 2012, the Company had hedged approximately 31% and 2% of its projected fuel requirements (1.2 billion and 63 million gallons, respectively) for 2013 and 2014, respectively, with commonly used financial hedge instruments based on aircraft fuel or closely related commodities, such as heating oil, diesel fuel and crude oil. The Company does not enter into derivative instruments for non-risk management purposes.

Accounting pronouncements pertaining to derivative instruments and hedging are complex with stringent requirements, including documentation of hedging strategy, statistical analysis to qualify a commodity for hedge accounting both on a historical and a prospective basis, and strict contemporaneous documentation that is required at the time each hedge is designated as a cash flow hedge. As required, the Company assesses the effectiveness of each of its individual hedges on a quarterly basis. The Company also examines the effectiveness of its entire hedging program on a quarterly basis utilizing statistical analysis. This analysis involves utilizing regression and other statistical analyses that compare changes in the price of aircraft fuel to changes in the prices of the commodities used for hedging purposes.

Upon proper qualification, the Company accounts for certain fuel derivative instruments as cash flow hedges. All derivatives designated as hedges that meet certain requirements are granted special hedge accounting treatment. The types of instruments the Company utilizes that qualify for special hedge accounting treatment typically include swaps, call options and collars (which consist of a purchased call option and a sold put option). Generally, utilizing the special hedge accounting, all periodic changes in fair value of the derivatives designated as hedges that are considered to be effective are recorded in AOCI until the underlying fuel is consumed and recorded in fuel expense. The Company is exposed to the risk that its hedges may not be effective in offsetting changes in the cost of fuel and that its hedges may not continue to qualify for special hedge accounting. Hedge ineffectiveness results when the change in the fair value of the derivative instrument exceeds the change in the value of the Company's expected future cash outlay to purchase and consume fuel. To the extent that the periodic changes in the fair value of the derivatives are not effective, that ineffectiveness is classified as Nonoperating income (expense): Miscellaneous, net.

The Company also utilizes certain derivative instruments that are economic hedges but do not qualify for hedge accounting under U.S. GAAP. As with derivatives that qualify for hedge accounting, the purpose of these economic hedges is to mitigate the adverse financial impact of potential increases in the price of fuel. Currently, the only such economic hedges in the Company's hedging portfolio are three-way collars (which consist of a collar with a cap on maximum price protection available). The Company records changes in the fair value of three-way collars to Nonoperating income (expense): Miscellaneous, net.

If the Company terminates a derivative prior to its contractual settlement date, then the cumulative gain or loss recognized in AOCI at the termination date remains in AOCI until the forecasted transaction occurs. In a situation where it becomes probable that a hedged forecasted transaction will not occur, any gains and/or losses that have been recorded to AOCI would be required to be immediately reclassified into earnings. All cash flows associated with purchasing and settling derivatives are classified as operating cash flows in the statements of cash flows.

The Company records each derivative instrument as a derivative asset or liability (on a gross basis) in its consolidated balance sheets, and, accordingly, records any related collateral on a gross basis. The table below presents the fair value amounts of fuel derivative assets and liabilities and the location of amounts recognized in the Company's financial statements.

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At December 31, the Company's derivatives were reported in its consolidated balance sheets as follows (in millions):

Classification	Balance Sheet Location	2012			2011		
		UAL	United	Continental	UAL	United	Continental
Derivatives designated as cash flow hedges							
<i>Assets:</i>							
Fuel contracts due within one year	Receivables	\$ 7	\$ 5	\$ 2	\$ 77	\$ 48	\$ 29
<i>Liabilities:</i>							
Fuel contracts due within one year	Current liabilities: Other	\$ 2	\$ 1	\$ 1	\$ 4	\$ 4	\$ —
Derivatives not designated as hedges							
<i>Assets:</i>							
Fuel contracts due within one year	Receivables	\$ 44	\$ 26	\$ 18	\$ —	\$ —	\$ —
<i>Liabilities:</i>							
Fuel contracts due within one year	Current liabilities: Other	\$ 2	\$ 1	\$ 1	\$ —	\$ —	\$ —
Fuel contracts with maturities greater than one year	Other liabilities and deferred credits: Other	1	1	—	—	—	—
Total liabilities		\$ 3	\$ 2	\$ 1	\$ —	\$ —	\$ —
Total derivatives							
<i>Assets:</i>							
Fuel contracts due within one year	Receivables	\$ 51	\$ 31	\$ 20	\$ 77	\$ 48	\$ 29
<i>Liabilities:</i>							
Fuel contracts due within one year	Current liabilities: Other	\$ 4	\$ 2	\$ 2	\$ 4	\$ 4	\$ —
Fuel contracts with maturities greater than one year	Other liabilities and deferred credits: Other	1	1	—	—	—	—
Total liabilities		\$ 5	\$ 3	\$ 2	\$ 4	\$ 4	\$ —

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The following tables present the fuel hedge gains (losses) recognized during the periods presented and their classification in the financial statements (in millions):

Fuel derivatives designated as cash flow hedges	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)		Gain (Loss) Reclassified from AOCI into Income (Fuel Expense) (Effective Portion)		Amount of Loss Recognized in Nonoperating Expense (Ineffective Portion)	
	2012	2011	2012	2011	2012	2011
	UAL	\$ (51)	\$ 163	\$ (141)	\$ 503	\$ (1)
United	(23)	172	(76)	417	—	(21)
Continental	(28)	(9)	(65)	86	(1)	(38)

Fuel derivatives not designated as cash flow hedges	Aircraft Fuel			Nonoperating Income (Expense)			Total Gain (Loss)		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
	UAL	\$ —	\$ —	\$ (35)	\$ 38	\$ —	\$ —	\$ 38	\$ —
United	—	—	(35)	22	—	—	22	—	(35)
Continental	—	—	—	16	—	—	16	—	—

Derivative Credit Risk and Fair Value

The Company is exposed to credit losses in the event of nonperformance by counterparties to its derivative instruments. While the Company records derivative instruments on a gross basis, the Company monitors its net derivative position with each counterparty to monitor credit risk. Based on the fair value of our fuel derivative instruments, our counterparties may require us to post collateral when the price of the underlying commodity decreases, and we may require our counterparties to provide us with collateral when the price of the underlying commodity increases. The following table presents information related to the Company's derivative credit risk as of December 31 (in millions):

	2012			2011		
	UAL	United	Continental	UAL	United	Continental
Net derivative assets with counterparties	\$ 46	\$ 28	\$ 18	\$ 73	\$ 44	\$ 29
Collateral held by the Company (a)	—	—	—	—	—	—
Potential loss related to the failure of the Company's counterparties to perform	\$ 46	\$ 28	\$ 18	\$ 73	\$ 44	\$ 29

(a) Classified as an other current liability.

The Company considers counterparty credit risk in determining its exposure and the fair value of its financial instruments, and generally monitors and limits its exposure to any single counterparty. The Company considers credit risk to have a minimal impact on fair value because cash collateral is provided by the Company's hedging counterparties periodically based on current market exposure and the credit-worthiness of the counterparties.

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NOTE 14 - DEBT

(In millions)

	At December 31,	
	2012	2011
United:		
Secured		
Notes payable, fixed interest rates of 6.64% to 12.00% (weighted average rate of 9.20% as of December 31, 2012), payable through 2022	\$ 1,773	\$1,995
Amended credit facility, LIBOR plus 2.0%, due 2014	1,201	1,219
Notes payable, floating interest rates of LIBOR plus 0.20% to 5.46%, payable through 2019	706	985
9.875% senior secured notes and 12% second lien due 2013	600	650
12.75% senior secured notes due 2012	—	172
Unsecured		
4.5% senior limited subordination convertible notes due 2021	156	156
6% notes due 2026 to 2028	652	—
6% senior notes due 2031	—	652
8% senior notes due 2024	400	—
8% senior notes due 2026	—	125
Other	60	66
	<u>5,548</u>	<u>6,020</u>
Less: unamortized debt discount	(173)	(275)
Less: current portion of long-term debt—United	(1,090)	(615)
Long-term debt, net—United	<u>\$ 4,285</u>	<u>\$5,130</u>

Continental:

Secured		
Notes payable, fixed interest rates of 4.00% to 9.25% (weighted average rate of 6.05% as of December 31, 2012), payable through 2024	\$ 4,170	\$ 3,093
Notes payable, floating interest rates of LIBOR plus 0.35% to 5.0%, payable through 2022	962	1,171
6.75% senior secured notes due 2015	800	800
Unsecured		
6% convertible junior subordinated debentures due 2030	248	248
4.5% convertible notes due 2015	230	230
Other	101	—
	<u>6,511</u>	<u>5,542</u>
Less: unamortized debt premium	21	50
Less: current maturities	(722)	(571)
Long-term debt, net—Continental (a)	<u>\$ 5,810</u>	<u>\$ 5,021</u>

UAL:

6% senior convertible notes due 2029	\$ 345	\$ 345
Long-term debt, net—UAL	<u>\$10,440</u>	<u>\$10,496</u>

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(a) As further described below under “Convertible Debt Securities,” there is a basis difference between UAL and Continental debt values, because we were required to apply different accounting methodologies. The Continental debt presented above does not agree to Continental’s balance sheet by the amount of this adjustment.

The table below presents the Company’s contractual principal payments at December 31, 2012 under then-outstanding long-term debt agreements in each of the next five calendar years (in millions):

	<u>UAL</u>	<u>United</u>	<u>Continental</u>
2013	\$ 1,812	\$1,090	\$ 722
2014	2,120	1,653	467
2015	2,023	395	1,628
2016	985	431	554
2017	545	284	261
After 2017	4,919	1,695	2,879
	<u>\$12,404</u>	<u>\$5,548</u>	<u>\$ 6,511</u>

As of December 31, 2012, a substantial portion of UAL’s assets, principally aircraft, spare engines, aircraft spare parts, route authorities and certain other intangible assets, were pledged under various loan and other agreements. As of December 31, 2012, UAL, United and Continental were in compliance with their respective debt covenants. Continued compliance depends on many factors, some of which are beyond the Company’s control, including the overall industry revenue environment and the level of fuel costs.

Revolving Credit Facility. The Company has a revolving credit facility (the “Revolving Credit Facility”) to borrow up to \$500 million, all of which may be used for the issuance of letters of credit. The facility expires on January 30, 2015. As of December 31, 2012, the Company had all of its commitment capacity available under the Revolving Credit Facility. The Company pays a commitment fee equal to 0.5% per annum on the undrawn amount available under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest at a floating rate, which, at the Company’s option, can be either a base rate or a London Interbank Offered Rate (“LIBOR”) rate, plus an applicable margin of 3.25% in the case of base rate loans and 4.25% in the case of LIBOR loans at the Company’s current corporate credit ratings.

The Company’s other significant financing agreements are summarized below:

UAL - Parent Only

6% Senior Convertible Notes. The 6% Senior Convertible Notes due 2029 (the “UAL 6% Senior Convertible Notes”) may be converted by holders into shares of UAL’s common stock at a conversion price of approximately \$8.69 per share. UAL does not have the option to pay the conversion price in cash upon a noteholder’s conversion; however, UAL may redeem for cash all or part of the UAL 6% Senior Convertible Notes on or after October 15, 2014. In addition, holders of the UAL 6% Senior Convertible Notes have the right to require UAL to repurchase all or a portion of their notes on each of October 15, 2014, October 15, 2019 and October 15, 2024 or if certain changes of control of UAL occur, payable by UAL in cash, shares of UAL common stock or a combination thereof, at UAL’s option.

United

The 4.5% Senior Limited Subordination Convertible Notes due 2021 (the “4.5% Notes”) and the New PBGC Notes (as defined and described below under *New PBGC Notes*), which were issued by UAL, have been pushed down to United and are reflected as debt of United. The obligations of UAL under each of these notes, and the indentures under which these notes were issued are unconditionally guaranteed by United.

4.5% Notes. The 4.5% Notes may be converted by holders into shares of UAL’s common stock at a conversion price of approximately \$32.64 per share. UAL has the option to pay the conversion price in cash, shares of UAL common stock or a combination thereof upon a noteholder’s conversion. In June 2011, UAL repurchased at par value approximately \$570 million of the \$726 million outstanding principal amount of its 4.5% Notes due 2021 with cash after the notes were put to UAL by the noteholders. The remaining holders of the 4.5% Notes have the

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option to require UAL to repurchase all or a portion of their notes on June 30, 2016 or if certain changes of control of UAL occur, payable by UAL in cash, shares of UAL common stock or a combination thereof, at UAL's option. All or a portion of the 4.5% Notes are callable, at UAL's option, at any time at par, plus accrued and unpaid interest, and can be redeemed with cash, shares of UAL common stock or a combination thereof except that UAL may elect to pay the redemption price in shares of UAL common stock only if the closing price of UAL common stock has not been less than 125% of the conversion price for the 60 consecutive trading days immediately prior to the redemption date.

New PBGC Notes. On December 31, 2012, UAL and United entered into an agreement with the PBGC that reduced the aggregate amount of 8% Contingent Senior Notes to be issued by UAL, and eliminated the contingent nature of such obligation by replacing the \$188 million principal amount of 8% Contingent Senior Notes incurred as of December 31, 2012 and the obligation to issue any additional 8% Contingent Senior Notes with \$400 million principal amount of new 8% Notes due 2024 (the "New 8% Notes"). In addition, UAL and United agreed to replace the \$652 million principal amount outstanding of UAL's 6% Senior Notes due 2031 with \$326 million principal amount of new 6% Notes due 2026 and \$326 million principal amount of 6% Notes due 2028 (collectively, the "New 6% Notes" and together with the New 8% Notes, the "New PBGC Notes"). The Company did not receive any cash proceeds in connection with the issuance of the New PBGC Notes. The Company is accounting for this agreement as a debt extinguishment, resulting in a charge of \$309 million that represents the fair value of \$212 million of New 8% Notes that it agreed to issue and the change in the fair value of the New 6% Notes and the \$188 million of New 8% Notes versus their previous carrying values. The Company classified the expense as a component of special charges because the note restructuring would not have occurred if it were not for the Merger.

UAL recorded a liability during 2011 in connection with issuing \$125 million principal amount of the 8% Contingent Senior Notes at their fair value of \$88 million as a component of integration costs. In addition, at June 30, 2012, UAL recorded a liability of \$48 million during the second quarter for the fair value of the obligation to issue a tranche of an additional \$62.5 million of the 8% Contingent Senior Notes.

United Amended Credit Facility. United's Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007 (the "Amended Credit Facility") consists of a term loan which had a balance of \$1.2 billion as of December 31, 2012. The term loan matures on February 1, 2014.

Borrowings under the Amended Credit Facility bear interest at a floating rate, which, at United's option, can be either a base rate or a LIBOR rate, plus an applicable margin of 1.0% in the case of base rate loans and 2.0% in the case of LIBOR loans. The term loan requires regularly scheduled semiannual payments of principal equal to \$9 million. United may prepay all or a portion of the loan from time to time, at par plus accrued and unpaid interest.

As of December 31, 2012, United had cash collateralized \$77 million of letters of credit, most of which had previously been issued under the Amended Credit Facility. United also had \$300 million of performance bonds. Continental had letters of credit and performance bonds relating to various real estate, customs and aircraft financing obligations at December 31, 2012 in the amount of approximately \$67 million. Most of the letters of credit have evergreen clauses and are expected to be renewed on an annual basis and the performance bonds have expiration dates through 2016.

United Senior Secured Notes. On February 1, 2013, United redeemed all of the \$400 million aggregate principal amount of its 9.875% Senior Secured Notes due 2013 and \$200 million aggregate principal amount of 12.0% Senior Second Lien Notes due 2013.

United EETCs. United has \$1.6 billion principal amount of equipment notes outstanding issued under EETC financings included in notes payable in the table of outstanding debt above. Generally, the structure of all of these EETC financings consist of pass-through trusts created by United to issue pass-through certificates. The pass-through certificates represent fractional undivided interests in the respective pass-through trusts and are not obligations of United. The proceeds of the issuance of the pass-through certificates are used to purchase equipment notes which are issued by United and secured by United's aircraft. The payment obligations of United

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under the equipment notes are fully and unconditionally guaranteed by UAL. Proceeds received from the sale of pass-through certificates are initially held by a depository in escrow for the benefit of the certificate holders until United issues equipment notes to the trust, which purchases such notes with a portion of the escrowed funds. These escrowed funds are not guaranteed by United and are not reported as debt on United's consolidated balance sheet because the proceeds held by the depository are not United's assets. See Note 16 for additional information related to the United EETCs.

Continental

Continental EETCs. Continental has \$4.3 billion principal amount of equipment notes outstanding issued under EETC financings included in notes payable in the table of outstanding debt above, which are similar in structure to the United EETCs described above. In March 2012, Continental created two pass-through trusts that issued an aggregate principal amount of \$892 million of pass-through certificates. Continental received all \$892 million in proceeds raised by the pass-through trusts as of December 31, 2012, in exchange for Continental's issuance of an equivalent principal amount of equipment notes, which has been recorded as debt. The proceeds were used to fund the acquisition of new aircraft, and in the case of currently owned aircraft, for general corporate purposes.

In October 2012, Continental created two pass-through trusts, one of which issued \$712 million aggregate principal amount of Class A pass-through certificates with a stated interest rate of 4% and the second of which issued \$132 million aggregate principal amount of Class B pass-through certificates with a stated interest rate of 5.5%. The proceeds of the issuance of the Class A and Class B pass-through certificates, which amounted to \$844 million, are used to purchase equipment notes issued by Continental. Of the \$844 million in proceeds raised by the pass-through trusts, Continental received \$293 million as of December 31, 2012. Continental expects to receive the remaining proceeds from the issuance during the first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trusts. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates. The proceeds have been and are expected to be used to fund the acquisition of new aircraft.

In December 2012, Continental created one pass-through trust which issued \$425 million aggregate principal amount of Class C pass-through certificates with a stated interest rate of 6.125%. The proceeds of the issuance of the Class C pass-through certificates are used to purchase equipment notes issued by Continental related to the aircraft financed in both the March and October 2012 EETC financings. Of the \$425 million in proceeds raised by the pass-through trusts, Continental received \$278 million as of December 31, 2012. Continental expects to receive the remaining proceeds from the issuance during the first seven months of 2013 as aircraft are delivered to Continental and Continental issues equipment notes to the trusts. Continental records the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates. See Note 16 for additional information related to the Continental EETCs.

Continental EETCs Secured by Spare Parts Inventory. Continental has two series of notes totaling \$304 million due June 2, 2013, which bear interest at LIBOR plus a margin (0.35% in the case of one series of notes and 3.125% in the case of the other series of notes) that are secured by the majority of its spare parts inventory.

6.75% Notes. In August 2010, Continental issued \$800 million aggregate principal amount of 6.75% Senior Secured Notes due 2015 (the "Senior Notes"). Continental may redeem all or a portion of the Senior Notes at any time on or after September 15, 2012 at specified redemption prices. If Continental sells certain of its assets or if it experiences specific kinds of a change in control, Continental will be required to offer to repurchase the notes. Continental's obligations under the notes are unconditionally guaranteed by certain of its subsidiaries.

Convertible Debt Securities

Following the Merger, UAL, Continental and the trustees for Continental's 4.5% Convertible Notes due 2015 (the "Continental 4.5% Notes"), 5% Convertible Notes due 2023 (the "Continental 5% Notes") and 6% Convertible Junior Subordinated Debentures due 2030 (the "6% Convertible Debentures") entered into supplemental indenture agreements to make Continental's convertible debt, which was previously convertible into shares of Continental common stock, convertible into shares of UAL common stock. For purposes of the

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Continental separate-entity reporting, as a result of the Continental debt becoming convertible into the stock of a non-consolidated entity, the embedded conversion options in Continental's convertible debt are required to be separated and accounted for as though they are free-standing derivatives. As a result, the carrying value of Continental's debt, net of current maturities, on a separate-entity reporting basis as of December 31, 2012 and December 31, 2011 was \$5.8 billion and \$5.0 billion, respectively, which is \$57 million and \$64 million, respectively, lower than the consolidated UAL carrying values on those dates.

In addition, UAL's contractual commitment to provide common stock to satisfy Continental's obligation upon conversion of the debt is an embedded call option on UAL common stock that is also required to be separated and accounted for as though it is a free-standing derivative. The fair value of the indenture derivatives on a separate-entity reporting basis as of December 31, 2012 and December 31, 2011 was an asset of \$268 million and \$193 million, respectively. The fair value of the embedded conversion options as of December 31, 2012 and December 31, 2011, was a liability of \$128 million and \$95 million, respectively. The initial contribution of the indenture derivatives to Continental by UAL is accounted for as additional-paid-in-capital in Continental's separate-entity financial statements. Changes in fair value of both the indenture derivatives and the embedded conversion options subsequent to October 1, 2010 are recognized currently in nonoperating income (expense).

Continental 4.5% Notes. The Continental 4.5% Notes may be converted by holders into shares of UAL common stock at a conversion price of approximately \$18.93 per share. Continental does not have the option to pay the conversion price in cash; however, holders of the notes may require Continental to repurchase all or a portion of the notes for cash at par plus any accrued and unpaid interest if certain changes in control of Continental occur.

6% Convertible Junior Subordinated Debentures. In November 2000, Continental Airlines Finance Trust II, a Delaware statutory business trust (the "Trust") of which Continental owns all the common trust securities, completed a private placement of five million 6% convertible preferred securities, called Term Income Deferrable Equity Securities (the "TIDES"). The TIDES have a liquidation value of \$50 per preferred security and are convertible at any time at the option of the holder into shares of UAL common stock at a conversion rate of \$57.14 per share of common stock (equivalent to approximately 0.875 of a share of UAL common stock for each preferred security). Distributions on the preferred securities are payable by the Trust at an annual rate of 6% of the liquidation value of \$50 per preferred security.

The sole assets of the Trust are 6% Convertible Debentures with an aggregate principal amount of \$248 million as of December 31, 2012 issued by Continental and which mature on November 15, 2030. The 6% Convertible Debentures are redeemable by Continental, in whole or in part, on or after November 20, 2003 at designated redemption prices. If Continental redeems the 6% Convertible Debentures, the Trust must redeem the TIDES on a pro rata basis having an aggregate liquidation value equal to the aggregate principal amount of the 6% Convertible Debentures redeemed. Otherwise, the TIDES will be redeemed upon maturity of the 6% Convertible Debentures, unless previously converted.

Taking into consideration Continental's obligations under (i) the preferred securities guarantee relating to the TIDES, (ii) the indenture relating to the 6% Convertible Debentures to pay all debt and obligations and all costs and expenses of the Trust (other than U.S. withholding taxes) and (iii) the indenture, the declaration of trust relating to the TIDES and the 6% Convertible Debentures, Continental has fully and unconditionally guaranteed payment of (i) the distributions on the TIDES, (ii) the amount payable upon redemption of the TIDES and (iii) the liquidation amount of the TIDES.

Continental Subsidiary Trust. The Trust is a subsidiary of Continental, and the TIDES are mandatorily redeemable preferred securities with a liquidation value of \$248 million. The Trust is a variable interest entity ("VIE") because Continental has a limited ability to make decisions about its activities. However, Continental is not the primary beneficiary of the Trust. Therefore, the Trust and the mandatorily redeemable preferred securities issued by the Trust are not reported in Continental's balance sheets. Instead, Continental reports its 6% convertible junior subordinated debentures held by the Trust as long-term debt and interest on these debentures is recorded as interest expense for all periods presented in the accompanying financial statements.

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The Company's debt and associated collateral and cross default provisions are summarized in the tables below:

Summary of Collateral, Covenants and Cross Default Provisions

Debt Instrument	Collateral, Covenants and Cross Default Provisions
Revolving Credit Facility	Secured by take-off and landing slots of United and Continental at Newark Liberty, LaGuardia and Washington Reagan and certain of their other assets. The facility requires the Company to maintain at least \$3.0 billion of unrestricted liquidity at all times, which includes unrestricted cash, short-term investments and any undrawn amounts under any revolving credit facility and to maintain a minimum ratio of appraised value of collateral to the outstanding obligations under the Revolving Credit Facility of 1.67 to 1.0 at all times. The facility contains events of default customary for this type of financing, including a cross default and cross acceleration provision to certain other material indebtedness of UAL, United and Continental.
Amended Credit Facility	<p>Secured by certain of United's international route authorities, international slots and related gate interests and associated rights. The international routes include the Pacific (including China and Hong Kong, but excluding Japan) and London Heathrow routes.</p> <p>The Amended Credit Facility contains covenants, that among other things, restrict the ability of United and the guarantors under the facility to sell assets, incur additional indebtedness, make investments, pay dividends on or repurchase stock, or merge with other companies. UAL and United must also maintain a specified minimum 1.5 to 1.0 ratio of EBITDAR to the sum of the following fixed charges for all applicable periods: (a) cash interest expense and (b) cash aircraft operating rental expense. The Amended Credit Facility also requires compliance with the following financial covenants: (i) a minimum unrestricted cash balance of \$1.0 billion at all times, and (ii) a minimum collateral ratio. The facility contains events of default customary for this type of financing, including a cross default and cross acceleration provision to certain other material indebtedness of UAL and the guarantors under the facility.</p>
New PBGC Notes	<p>The amended and restated indenture for these notes, which are unsecured, contains covenants that, among other things, restrict the ability of UAL and its subsidiaries to incur additional indebtedness and pay dividends on or repurchase stock.</p> <p>These covenants cease to be in effect when the indenture covering the Senior Notes is discharged. However, if UAL at that time or thereafter has a series of public debt securities with a principal amount of \$300 million or more that has the benefit of covenants that are substantially similar to those contained in the indenture for the New PBGC Notes, then subject to certain conditions and upon written request of the PBGC to UAL, UAL and United will use commercially reasonable efforts to amend the indenture for the New PBGC Notes to include such covenants.</p>
Continental EETCs Secured by Spare Parts Inventory	Continental has a collateral maintenance agreement requiring it, among other things, to maintain a loan-to-collateral value ratio of not greater than 45% with respect to the senior series of equipment notes and a loan-to-collateral value ratio of not greater than 75% with respect to both series of notes combined. Continental must also maintain a certain level of rotatable components within the spare parts collateral pool.

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Continental Senior Notes	<p>Secured by certain of Continental's U.S.-Asia and U.S.-London Heathrow routes and related assets, all of the outstanding common stock and other assets of the guarantor subsidiaries and substantially all of the other assets of the guarantors, including route authorities and related assets.</p> <p>The indenture for the Senior Notes includes covenants that, among other things, restrict Continental's ability to sell assets, incur additional indebtedness, issue preferred stock, make investments or pay dividends. In addition, if Continental fails to maintain a collateral coverage ratio of 1.5 to 1.0, Continental must pay additional interest on notes at the rate of 2% per annum until the collateral coverage ratio equals at least 1.5 to 1.0. The indenture for the Senior Notes also includes events of default customary for similar financings and a cross default provision if Continental fails to make payment when due with respect to certain obligations regarding frequent flyer miles purchased by Chase under the Company's Co-Brand Agreement.</p>
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NOTE 15 - LEASES AND CAPACITY PURCHASE AGREEMENTS

The Company leases aircraft, airport passenger terminal space, aircraft hangars and related maintenance facilities, cargo terminals, other airport facilities, other commercial real estate, office and computer equipment and vehicles.

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At December 31, 2012, the Company's scheduled future minimum lease payments under operating leases having initial or remaining noncancelable lease terms of more than one year, aircraft leases, including aircraft rent under capacity purchase agreements and capital leases (substantially all of which are for aircraft) were as follows (in millions):

	UAL (b)	United	Continental
Aircraft Operating Leases			
2013	\$ 1,543	\$ 647	\$ 905
2014	1,466	595	878
2015	1,198	417	783
2016	960	246	714
2017	861	179	682
After 2017	1,491	213	1,278
	<u>\$ 7,519</u>	<u>\$ 2,297</u>	<u>\$ 5,240</u>
Facility and Other Operating Leases			
2013	\$ 1,108	\$ 713	\$ 395
2014	955	586	369
2015	816	460	356
2016	744	418	326
2017	696	411	285
After 2017	5,376	1,926	3,450
	<u>\$ 9,695</u>	<u>\$ 4,514</u>	<u>\$ 5,181</u>
Capital Leases (a)			
2013	\$ 214	\$ 197	\$ 17
2014	197	182	15
2015	177	162	15
2016	164	149	15
2017	120	109	11
After 2017	582	238	344
Minimum lease payments	<u>\$ 1,454</u>	<u>\$ 1,037</u>	<u>\$ 417</u>
Imputed interest	(540)	(300)	(240)
Present value of minimum lease payments	914	737	177
Current portion	(122)	(119)	(3)
Long-term obligations under capital leases	<u>\$ 792</u>	<u>\$ 618</u>	<u>\$ 174</u>

- (a) As of December 31, 2012, United's aircraft capital lease minimum payments relate to leases of 49 mainline and 38 regional aircraft and Continental's capital lease minimum payments relate to nonaircraft assets. United's and Continental's imputed interest rate ranges are 3.3% to 20.0% and 5.0% to 8.4%, respectively.
- (b) The operating lease payments presented above include United's and Continental's future payments of \$2 million and \$128 million, respectively, related to nonoperating aircraft as of December 31, 2012. United and Continental have two and 23 nonoperating aircraft subject to leases, respectively. United's regional carrier, Express Jet, subleases aircraft from Continental; UAL operating lease payments exclude payments related to these aircraft.

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Aircraft operating leases have initial terms of one to twenty-six years, with expiration dates ranging from 2013 through 2024. Under the terms of most leases, the Company has the right to purchase the aircraft at the end of the lease term, in some cases at fair market value, and in others, at fair market value or a percentage of cost. The Company has facility operating leases that extend to 2032.

United and Continental are the lessees of real property under long-term operating leases at a number of airports where we are also the guarantor of approximately \$270 million and \$1.4 billion, respectively, of underlying debt and interest thereon as of December 31, 2012. These leases are typically with municipalities or other governmental entities, which are excluded from the consolidation requirements concerning VIEs. To the extent the Company's leases and related guarantees are with a separate legal entity other than a governmental entity, the Company is not the primary beneficiary because the lease terms are consistent with market terms at the inception of the lease and the lease does not include a residual value guarantee, fixed-price purchase option, or similar feature.

The table below summarizes the Company's nonaircraft rent expense for the years ended December 31 (in millions):

	UAL	United	Continental Successor	Continental Predecessor
2012	\$ 1,278	\$ 654	\$ 624	
2011	1,265	666	599	
2010	839	685	154	\$ 452

In addition to nonaircraft rent in the table above and aircraft rent, which is separately presented in the consolidated statements of operations, UAL had aircraft rent related to regional aircraft operating leases, which is included as part of regional capacity purchase expense in UAL's consolidated statement of operations, of \$463 million, \$498 million and \$411 million for the years ended December 31, 2012, 2011 and 2010, respectively. For the year ended December 31, 2012, UAL's regional aircraft rent, which is included as part of regional capacity purchase expense, consisted of \$380 million and \$83 million related to United and Continental, respectively.

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In connection with UAL Corporation's and United's fresh-start reporting requirements upon their exit from Chapter 11 bankruptcy protection in 2006 and UAL's and Continental's acquisition accounting adjustments related to the Merger, lease valuation adjustments for operating leases were initially recorded in the consolidated balance sheet, representing the net present value of the differences between contractual lease rates and the fair market lease rates for similar leased assets at the time. An asset (liability) results when the contractual lease rates are more (less) favorable than market lease terms at the valuation date. The lease valuation adjustment is amortized on a straight-line basis as an increase (decrease) to rent expense over the individual applicable remaining lease terms, resulting in recognition of rent expense as if the Company had entered into the leases at market rates. The related remaining lease terms are one to 12 years for United and Continental. The lease valuation adjustments are classified within other noncurrent assets and other noncurrent liabilities, respectively, and are as follows as of December 31, (in millions):

	UAL	United	Continental
Net deferred asset balance at December 31, 2010	\$ 108	\$ 108	\$ —
Less: amortization for the year ended December 31, 2011	(14)	(14)	—
Net deferred asset balance at December 31, 2011	94	94	—
Less: amortization for the year ended December 31, 2012	(12)	(12)	—
Net deferred asset balance at December 31, 2012	<u>\$ 82</u>	<u>\$ 82</u>	<u>\$ —</u>
Net deferred liability balance at December 31, 2010	\$ (1,374)	\$ —	\$ (1,374)
Less: accretion for the year ended December 31, 2011	241	—	241
Net deferred liability balance at December 31, 2011	(1,133)	—	(1,133)
Less: accretion for the year ended December 31, 2012	252	—	252
Net deferred liability balance at December 31, 2012	<u>\$ (881)</u>	<u>\$ —</u>	<u>\$ (881)</u>

Regional Capacity Purchase Agreements

The Company has capacity purchase agreements ("CPAs") with certain regional carriers. We purchase all of the capacity from the flights covered by the CPA at a negotiated price. We pay the regional carrier a pre-determined rate, subject to annual inflation adjustments, for each block hour flown (the hours from gate departure to gate arrival) and to reimburse the regional carrier for various pass-through expenses related to the flights. Under the CPAs, we are responsible for the cost of providing fuel for all flights and for paying aircraft rent for all of the aircraft covered by the CPAs. Generally, the CPAs contain incentive bonus and rebate provisions based upon each regional carrier's operational performance. United's and Continental's CPAs are for 275 and 276 regional aircraft, respectively, and the United and Continental CPAs have terms expiring through 2024 and 2021, respectively. Aircraft operated under CPAs include aircraft leased directly from the regional carriers and those leased from third-party lessors and operated by the regional carriers.

Our future commitments under our CPAs are dependent on numerous variables, and are therefore difficult to predict. The most important of these variables is the number of scheduled block hours. Although we are not required to purchase a minimum number of block hours under certain of our CPAs, we have set forth below estimates of our future payments under the CPAs based on our assumptions. Continental's estimates of its future payments under all of the CPAs do not include the portion of the underlying obligation for any aircraft leased to ExpressJet or deemed to be leased from other regional carriers and facility rent that are disclosed as part of aircraft and nonaircraft operating leases. For purposes of calculating these estimates, we have assumed (1) the number of block hours flown is based on our anticipated level of flight activity or at any contractual minimum utilization levels if applicable, whichever is higher, (2) that we will reduce the fleet as rapidly as contractually

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allowed under each CPA, (3) that aircraft utilization, stage length and load factors will remain constant, (4) that each carrier's operational performance will remain at historic levels and (5) that inflation is projected to be between 1.5% and 2.2% per year. Based on these assumptions as of December 31, 2012, our future payments through the end of the terms of our CPAs are presented in the table below (in millions). These amounts exclude variable pass-through costs such as fuel and landing fees, among others.

	<u>UAL</u>	<u>United</u>	<u>Continental</u>
2013	\$ 1,801	\$ 931	\$ 870
2014	1,604	781	823
2015	1,422	691	731
2016	1,187	481	706
2017	1,159	472	687
After 2017	2,376	947	1,429
	<u>\$ 9,549</u>	<u>\$ 4,303</u>	<u>\$ 5,246</u>

It is important to note that the actual amounts we pay to our regional operators under CPAs could differ materially from these estimates. For example, a 10% increase or decrease in scheduled block hours for all of United's and Continental's regional operators (whether as a result of changes in average daily utilization or otherwise) in 2013 would result in a corresponding change in annual cash obligations under the CPAs for UAL of approximately \$76 million (8.2%) and \$72 million (8.2%), respectively.

NOTE 16 - VARIABLE INTEREST ENTITIES

Variable interests are contractual, ownership or other monetary interests in an entity that change with fluctuations in the fair value of the entity's net assets exclusive of variable interests. A VIE can arise from items such as lease agreements, loan arrangements, guarantees or service contracts. An entity is a VIE if (a) the entity lacks sufficient equity or (b) the entity's equity holders lack power or the obligation and right as equity holders to absorb the entity's expected losses or to receive its expected residual returns. Therefore, if the equity owners as a group do not have the power to direct the entity's activities that most significantly impact its economic performance, the entity is a VIE.

If an entity is determined to be a VIE, the entity must be consolidated by the primary beneficiary. The primary beneficiary is the holder of the variable interests that has the power to direct the activities of a VIE that (i) most significantly impact the VIE's economic performance and (ii) has the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the VIE. Therefore, the Company must identify which activities most significantly impact the VIE's economic performance and determine whether it, or another party, has the power to direct those activities.

The Company's evaluation of its association with VIEs is described below:

Aircraft Leases. We are the lessee in a number of operating leases covering the majority of our leased aircraft. The lessors are trusts established specifically to purchase, finance and lease aircraft to us. These leasing entities meet the criteria for VIEs. We are generally not the primary beneficiary of the leasing entities if the lease terms are consistent with market terms at the inception of the lease and do not include a residual value guarantee, fixed-price purchase option or similar feature that obligates us to absorb decreases in value or entitles us to participate in increases in the value of the aircraft. This is the case for many of our operating leases; however, leases of approximately 11 United mainline jet aircraft and 73 Continental mainline jet aircraft contain a fixed-price purchase option that allow United and Continental to purchase the aircraft at predetermined prices on specified dates during the lease term. Additionally, leases covering substantially all of Continental's 256 leased regional jet aircraft contain an option to purchase the aircraft at the end of the lease term at prices that, depending on market conditions, could be below fair value. The Company has not consolidated the related trusts because, even taking into consideration these purchase options, the Company is still not the primary beneficiary. The Company's maximum exposure under these leases is the remaining lease payments, which are reflected in future lease commitments in Note 15.

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EETCs. The Company evaluated whether the pass-through trusts formed for its EETC financings, treated as either debt or aircraft operating leases, are VIEs required to be consolidated by the Company under applicable accounting guidance, and determined that the pass-through trusts are VIEs. Based on the Company's analysis as described below, the Company determined that it does not have a variable interest in the pass-through trusts.

The primary risk of the pass-through trusts is credit risk (i.e. the risk that United or Continental, the issuer of the equipment notes, may be unable to make its principal and interest payments). The primary purpose of the pass-through trust structure is to enhance the credit worthiness of the Company's debt obligation through certain bankruptcy protection provisions, a liquidity facility (in certain of the EETC structures) and improved loan-to-value ratios for more senior debt classes. These credit enhancements lower the Company's total borrowing cost. Pass-through trusts are established to receive principal and interest payments on the equipment notes purchased by the pass-through trusts from the Company and remit these proceeds to the pass-through trusts' certificate holders.

The Company does not invest in or obtain a financial interest in the pass-through trusts. Rather, the Company has an obligation to make interest and principal payments on its equipment notes held by the pass-through trusts. The Company did not intend to have any voting or non-voting equity interest in the pass-through trusts or to absorb variability from the pass-through trusts. Based on this analysis, the Company determined that it is not required to consolidate the pass-through trusts.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

General Guarantees and Indemnifications. In the normal course of business, the Company enters into numerous real estate leasing and aircraft financing arrangements that have various guarantees included in the contracts. These guarantees are primarily in the form of indemnities under which the Company typically indemnifies the lessors and any tax/financing parties against tort liabilities that arise out of the use, occupancy, operation or maintenance of the leased premises or financed aircraft. Currently, the Company believes that any future payments required under these guarantees or indemnities would be immaterial, as most tort liabilities and related indemnities are covered by insurance (subject to deductibles). Additionally, certain leased premises such as fueling stations or storage facilities include indemnities of such parties for any environmental liability that may arise out of or relate to the use of the leased premises.

Legal and Environmental. The Company has certain contingencies resulting from litigation and claims incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the information currently available, the views of legal counsel, the nature of contingencies to which the Company is subject and prior experience, that the ultimate disposition of the litigation and claims will not materially affect the Company's consolidated financial position or results of operations. The Company records liabilities for legal and environmental claims when a loss is probable and reasonably estimable. These amounts are recorded based on the Company's assessments of the likelihood of their eventual disposition.

Commitments. The table below summarizes the Company's commitments as of December 31, 2012, which primarily relate to the acquisition of aircraft and related spare engines, aircraft improvements and include other commitments primarily to acquire information technology services and assets (in billions):

	UAL	United	Continental
2013	\$ 1.8	\$ 0.8	\$ 1.0
2014	1.5	0.7	0.8
2015	2.0	0.9	1.1
2016	3.0	2.0	1.0
2017	2.5	2.4	0.1
After 2017	7.1	4.8	2.3
	<u>\$ 17.9</u>	<u>\$ 11.6</u>	<u>\$ 6.3</u>

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UAL Aircraft Commitments. UAL had firm commitments to purchase 100 new Boeing 737 MAX 9 aircraft scheduled for delivery from 2018 through 2022. UAL also had options to purchase an additional 100 Boeing 737 MAX 9 aircraft. UAL had the right, and intends in the future, to assign its interest under the purchase agreement for the 737 MAX 9 aircraft with respect to one or more of the aircraft to either United or Continental.

United Aircraft Commitments. United had firm commitments to purchase 100 new aircraft (25 Boeing 787 aircraft, 50 Boeing 737-900ER aircraft and 25 Airbus A350XWB aircraft) scheduled for delivery from 2013 through 2020. United also had options and purchase rights for additional aircraft. In 2013, United expects to take delivery of ten Boeing 737-900ER aircraft.

Continental Aircraft Commitments. Continental had firm commitments to purchase 47 new aircraft (23 Boeing 737 aircraft and 24 Boeing 787 aircraft) scheduled for delivery from January 1, 2013 through 2016. Continental also had options to purchase 74 Boeing aircraft. In 2013, Continental expects to take delivery of 14 Boeing 737-900ER aircraft and two Boeing 787-8 aircraft.

As of December 31, 2012, Continental had arranged for EETC financing of 14 Boeing 737-900ER aircraft and one Boeing 787-8 aircraft scheduled for delivery through July 2013. In addition, United had secured backstop financing commitments from its widebody aircraft and engine manufacturers for a limited number of its future aircraft deliveries, subject to certain customary conditions. See Note 14 of this report for additional information. However, UAL and United do not have backstop financing or any other financing currently in place for their firm narrowbody aircraft orders with Boeing, and Continental does not have backstop financing or any other financing currently in place for its other Boeing aircraft on order. Financing will be necessary to satisfy the Company's capital commitments for its firm order aircraft and other related capital expenditures. The Company can provide no assurance that any financing not already in place for aircraft and spare engine deliveries will be available to the Company on acceptable terms when necessary or at all.

As UAL has the right, and intends in the future, to assign its interest under the purchase agreement for the Boeing 737 MAX 9 aircraft with respect to one or more of the aircraft to either United or Continental, but has not determined the actual assignment of the Boeing 737 MAX 9 aircraft between United and Continental, the table above assumes that 50% of the Boeing 737 MAX 9 order is assigned to United and 50% of the Boeing 737 MAX 9 order is assigned to Continental.

UAL and Continental have concluded their discussions with Boeing regarding delays in delivery of certain Boeing 787 aircraft, and have reached a resolution with Boeing regarding compensation to be received in connection with those delays.

Credit Card Processing Agreements

The Company has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of the Company's credit card processing agreements, the financial institutions either require, or under certain circumstances have the right to require, that the Company maintains a reserve equal to a portion of advance ticket sales that has been processed by that financial institution, but for which the Company has not yet provided the air transportation. Such financial institutions may require additional cash or other collateral reserves to be established or additional withholding of payments related to receivables collected if the Company does not maintain certain minimum levels of unrestricted cash, cash equivalents and short term investments. The Company's current level of unrestricted cash, cash equivalents and short term investments is substantially in excess of these minimum levels.

Guarantees and Off-Balance Sheet Financing

Fuel Consortia. The Company participates in numerous fuel consortia with other air carriers at major airports to reduce the costs of fuel distribution and storage. Interline agreements govern the rights and responsibilities of the consortia members and provide for the allocation of the overall costs to operate the consortia based on usage. The consortia (and in limited cases, the participating carriers) have entered into long-term agreements to lease certain airport fuel storage and distribution facilities that are typically financed through tax-exempt bonds (either special facilities lease revenue bonds or general airport revenue bonds), issued by various local municipalities. In

general, each consortium lease agreement requires the consortium to make lease payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. As of December 31, 2012, approximately \$1.3 billion principal amount of such bonds were secured by significant fuel facility leases in which UAL participates, as to which UAL and each of the signatory airlines has provided indirect guarantees of the debt. As of December 31, 2012, UAL's contingent exposure was approximately \$259 million principal amount of such bonds based on its recent consortia participation. As of December 31, 2012, United's and Continental's contingent exposure related to these bonds, based on its recent consortia participation, was approximately \$198 million and \$61 million, respectively. The Company's contingent exposure could increase if the participation of other air carriers decreases. The guarantees will expire when the tax-exempt bonds are paid in full, which ranges from 2014 to 2041. The Company did not record a liability at the time these indirect guarantees were made.

Guarantees. United and Continental are the guarantors of approximately \$270 million and \$1.6 billion, respectively, in aggregate principal amount of tax-exempt special facilities revenue bonds and interest thereon. These bonds, issued by various airport municipalities, are payable solely from rentals paid under long-term agreements with the respective governing bodies. The leasing arrangements associated with \$1.7 billion (\$270 million for United and \$1.4 billion for Continental) of these obligations are accounted for as operating leases with the associated expense recorded on a straight-line basis resulting in ratable accrual of the lease obligation over the expected lease term. These tax-exempt special facilities revenue bonds are included in our lease commitments disclosed in Note 15. The leasing arrangements associated with \$190 million (for Continental only) of these obligations are accounted for as capital leases. All these bonds are due between 2015 and 2038.

In the Company's financing transactions that include loans, the Company typically agrees to reimburse lenders for any reduced returns with respect to the loans due to any change in capital requirements and, in the case of loans in which the interest rate is based on the London Interbank Offered Rate ("LIBOR"), for certain other increased costs that the lenders incur in carrying these loans as a result of any change in law, subject in most cases to obligations of the lenders to take certain limited steps to mitigate the requirement for, or the amount of, such increased costs. At December 31, 2012, UAL had \$2.6 billion of floating rate debt (consisting of United's \$1.9 billion and Continental's \$658 million of debt) and \$347 million of fixed rate debt (consisting of United's \$186 million and Continental's \$161 million of debt), with remaining terms of up to ten years, that are subject to these increased cost provisions. In several financing transactions involving loans or leases from non-U.S. entities, with remaining terms of up to nine years and an aggregate balance of \$2.8 billion (consisting of United's \$2.1 billion and Continental's \$744 million balance), the Company bears the risk of any change in tax laws that would subject loan or lease payments thereunder to non-U.S. entities to withholding taxes, subject to customary exclusions.

Houston Bush Terminal B Redevelopment Project. In May 2011, UAL, in partnership with the Houston Airport System, announced that it would begin construction of the first phase of a potential three-phase \$1 billion terminal improvement project for Terminal B at George Bush Intercontinental Airport ("Houston Bush") by the end of 2011. In November 2011, the City of Houston issued approximately \$113 million of special facilities revenue bonds to finance the construction of a new south concourse at Houston Bush dedicated to the Company's regional jet operations. The bonds are guaranteed by Continental and are payable from certain rentals paid by Continental under a special facilities lease agreement with the City of Houston. Continental's initial commitment is to construct the first phase of the originally anticipated three-phase project. Continental's cost of construction of phase one of the project is currently estimated to be approximately \$100 million and is funded by special facilities revenue bonds. Construction of the remaining phases of the project, if any, will be based on demand over the next seven to 10 years, with phase one currently expected to be completed in late 2013.

Based on a qualitative assessment of the Houston Bush Terminal B Redevelopment Project, due to the fact that Continental is guaranteeing the special facilities revenue bonds and the requirement that Continental fund cost overruns with no stated limits, Continental is considered the owner of the property during the construction period for accounting purposes. As a result, the construction project is being treated as a financing transaction such that the property and related financing will be included on UAL's consolidated balance sheet as an asset under operating property and equipment and as a construction obligation under other long-term liabilities.

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Labor Negotiations.

As of December 31, 2012, UAL, including its subsidiaries, had approximately 88,000 employees. As of December 31, 2012, United had approximately 47,000 employees and Continental had approximately 41,000 employees. Approximately 80% of the combined Company's employees were represented by various U.S. labor organizations as of December 31, 2012.

During 2012, various labor agreements were reached between union representatives and the Company. On December 15, 2012, the pilots for both United and Continental ratified a joint collective bargaining agreement with the Company. In February 2013, the Company reached tentative agreements on new joint collective bargaining agreements with the IAM for the fleet service, passenger service and storekeeper workgroups at the United, Continental, Continental Micronesia and Mileage Plus subsidiaries. The tentative agreements with the IAM cover more than 28,000 employees and are subject to ratification by the IAM members. We are also currently in the process of negotiating joint collective bargaining agreements with all of our other major represented groups. Several other collective bargaining agreements were reached with unions at each of our subsidiaries during 2012, including with the United flight attendants in February 2012, the Continental Micronesia aircraft technicians in May 2012, the Continental pilot ground instructors in June 2012 and the Continental Micronesia flight attendants in August 2012.

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NOTE 18 - STATEMENT OF CONSOLIDATED CASH FLOWS - SUPPLEMENTAL DISCLOSURES

Supplemental disclosures of cash flow information and non-cash investing and financing activities for the years ended December 31, are as follows (in millions):

	UAL	United	Continental Successor	Continental Predecessor
2012				
Cash paid during the period for:				
Interest (net of amounts capitalized)	\$ 766	\$ 426	\$ 340	
Income taxes	2	3	1	
Non-cash transactions:				
Transfer of OnePass frequent flyer liability and advanced purchase of miles from Continental	\$ —	\$ 2,387	\$ (2,387)	
Property and equipment acquired through issuance of debt	544	—	544	
8% Contingent Senior Unsecured Notes and 6% Senior Notes, net of discount	357	357	—	
Special facility payment financing	101	—	101	
Airport construction financing	50	—	50	
2011				
Cash paid during the period for:				
Interest (net of amounts capitalized)	\$ 855	\$ 495	\$ 360	
Income taxes	10	2	—	
Non-cash transactions:				
Property and equipment acquired through issuance of debt	\$ 130	\$ —	\$ 130	
8% Contingent Senior Unsecured Notes, net of discount	88	88	—	
Interest paid in kind on UAL 6% Senior Notes	37	37	—	
2010				
Cash paid (refunded) during the period for:				
Interest (net of amounts capitalized)	\$ 600	\$ 489	\$ 111	\$ 210
Income taxes	(16)	(16)	—	1
Non-cash transactions:				
Redemption of Continental's 5% Convertible Notes with UAL common stock	\$ 175	\$ —	\$ 175	\$ —
Property and equipment acquired through issuance of debt and capital leases	98	—	98	465
Restricted cash collateral returned on derivative contracts	(45)	(45)	—	—
Interest paid in kind on UAL 6% Senior Notes	35	35	—	—

NOTE 19 - ADVANCED PURCHASE OF MILES

The Company previously sold frequent flyer miles to Chase which the Company recorded as Advanced Purchase of Miles. UAL has the right, but is not required, to repurchase the pre-purchased miles from Chase during the term of the agreement. The balance of pre-purchased miles is eligible to be allocated to MileagePlus members' account by 2017. The Co-Brand Agreement contains termination penalties that may require United and Continental to make certain payments and repurchase outstanding pre-purchased miles in cases such as the Company's insolvency, bankruptcy or other material breaches. The Company has recorded these amounts as advanced purchase of miles in the liabilities section of the Company's consolidated balance sheets.

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The obligations of UAL, United, Continental and Mileage Plus Holdings, LLC to Chase under the Co-Brand Agreement are joint and several. Certain of United's obligations under the Co-Brand Agreement in an amount not more than \$850 million are secured by a junior lien in all collateral pledged by United under its Amended Credit Facility. All of Continental's obligations under the Co-Brand Agreement are secured by a junior lien in all collateral pledged by Continental to secure its Senior Notes due 2015. United also provides a first priority lien to Chase on its MileagePlus assets to secure certain of its obligations under the Co-Brand Agreement and its obligations under the new combined credit card processing agreement among Continental, United, Paymentech, LLC and JPMorgan Chase. After Continental's OnePass Program termination in March 2012, certain of the OnePass Program assets were added as collateral to the Co-Brand Agreement. As a result of this termination, all OnePass related assets and liabilities were transferred from Continental to United.

NOTE 20 - RELATED PARTY TRANSACTIONS

Intercompany transactions - United and Continental

United and Continental perform services for one another including various aircraft maintenance services, aircraft ground handling and aircraft fuel provisions at certain airports. For the year ended December 31, 2012, United provided \$558 million of services to Continental, and Continental provided \$219 million of services to United. Many of these transactions are routinely settled through the clearing house, which is customarily used in the monthly settlement of such items. Transactions not settled through the clearing house are typically settled in cash on a quarterly basis. As of December 31, 2012, Continental had a net current payable of \$2.5 billion to United primarily related to the transfer of the current portion of the frequent flyer liability and the cash transfer from United in conjunction with the conversion to the new passenger service system, as described below. In addition, Continental had a \$270 million noncurrent payable as of December 31, 2012 to United associated with the transfer of advanced purchase of miles to United as a result of the transition to the single loyalty program described further below.

In November 2011, the Company received a single operating certificate from the Federal Aviation Administration. The Company plans to merge United Air Lines, Inc. and Continental Airlines, Inc. into one legal entity in 2013. Once this legal merger occurs, the financial statements of United and Continental will be combined at their historical cost for all periods presented beginning on October 1, 2010, the date on which Continental became a wholly-owned subsidiary of UAL, and there will no longer be a requirement to separately report the historical financial statements of Continental. Intercompany receivables and payables between United and Continental will be settled when United Air Lines, Inc. and Continental Airlines, Inc. merge into one legal entity.

Frequent flyer program transition

In the first quarter of 2012, the Company moved to a single loyalty program. Continental's loyalty program formally ended in the first quarter of 2012, at which point United automatically enrolled Continental OnePass program members in the MileagePlus program and deposited into those MileagePlus accounts award miles equal to these members' OnePass award miles balance. In March 2012, the related frequent flyer deferred revenue and advance purchase of miles liabilities for the OnePass program was transferred to United with a corresponding liability recorded by Continental payable to United for assuming the frequent flyer obligations. No gain or loss was incurred from the transaction as the liabilities were transferred at their respective net book value. The obligation associated with this transfer will be settled by Continental through future redemptions by MileagePlus members on Continental operated flights.

Passenger service system and ticket stock integration

In March 2012, Continental and United converted to a single passenger service system, allowing the Company to operate using a single reservations system, carrier code, flight schedule, website and departure control system. In conjunction with the conversion to a single passenger service system, all tickets are now sold by United. As a result, the air traffic liability of Continental is diminishing as tickets previously sold by Continental are used or refunded and United's advanced ticket sales liability and associated cash receipts from the ticket sales will

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increase accordingly. Subsequent to the system conversion, United transferred cash to Continental each month, such transfers being netted against amounts owed to Continental for segments flown by Continental on United ticket stock. Revenue will continue to be recorded by the carrier that is operating the flight.

Revenue and expense allocation

Until United Air Lines, Inc. and Continental Airlines, Inc. are merged into one legal entity, revenue and expenses will continue to be recorded by each entity based on either specific identification of the related transaction, where applicable, or appropriate allocations based on metrics that are systematic and rational. Certain revenues and expenses that were previously recorded based on a specific identification were allocated in March 2012 in connection with the conversion to a single passenger service system. We believe the allocated amounts will generally be comparable to historical amounts. Each airline will continue to record actual expenses for aircraft that are owned or leased and passenger revenue will be determined on an actual basis for the carrier operating the flight. The table below illustrates a summary of the primary allocation metrics to be used:

Account	Allocation metric between subsidiaries
<i>Operating revenue:</i>	
Passenger	Actual ticket revenue based on specifically identified flights operated by each carrier. Frequent flyer component of passenger revenue is allocated to Continental based on historic revenue passenger miles ("RPMs") split between carriers and rate at which outstanding frequent flyer liability was transferred from Continental to United at single passenger service system conversion for calculating frequent flyer impact. Regional revenue, based on the carrier that contracted with the regional carrier
Cargo	Actual by operating carrier
Other operating	Passenger related based on passenger revenue and other based on passengers enplaned or other similar criteria
<i>Operating expense:</i>	
Aircraft fuel	Actual by operating carrier
Salaries and related costs	Actual for operational workgroups and allocation based on historical RPMs for administrative personnel. Profit sharing expense is allocated based on the proportional profit of each operating entity
Regional capacity purchase	Actual based on specific identification of the carrier that contracted with regional carrier for flying
Landing fees and other rent	Allocation based on passengers enplaned
Aircraft maintenance materials and outside repairs	Actual based on the specific identification of each carrier's aircraft
Depreciation and amortization	Specific identification of carriers' operational assets (i.e. flight equipment) and intangible assets and allocation based on historical RPMs for other assets
Distribution expenses	Allocation based on passenger revenue
Aircraft rent	Actual based on specific identification of each carrier's aircraft
Special charges	Specific identification. Labor agreement costs are allocated based on salaries of respective work groups
Other operating expenses	Specific identification where applicable and allocation based on historical RPMs for other

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Total net revenue allocated from United to Continental amounted to \$1.1 billion for the year ended December 31, 2012.

Total net expenses allocated from United to Continental amounted to \$363 million for the year ended December 31, 2012.

NOTE 21 - MERGER AND INTEGRATION-RELATED COSTS AND SPECIAL ITEMS

Special Revenue Item. As discussed in Note 2, during the second quarter of 2011, the Company modified the previously existing United and Continental co-branded credit card agreements with Chase as a result of the Merger. This modification resulted in the following one-time adjustment to decrease frequent flyer deferred revenue and increase special revenue in accordance with ASU 2009-13 for the year ended December 31, 2011 as follows (in millions):

Special revenue item	<u>UAL</u>	<u>United</u>	<u>Continental</u>
	\$107	\$ 88	\$ 19

For the years ended December 31, Merger and integration-related costs and special items classified as special charges in the statements of consolidated operations consisted of the following (in millions):

	<u>UAL</u>	<u>United</u>	<u>Continental</u>
2012			Successor
Integration-related costs	\$ 739	\$ 569	\$ 170
Labor agreement costs	475	312	163
Voluntary severance and benefits	125	125	—
Intangible asset impairment	30	—	30
Gains on sale of assets and other special charges, net	(46)	(22)	(24)
Total	<u>\$ 1,323</u>	<u>\$ 984</u>	<u>\$ 339</u>

	<u>UAL</u>	<u>United</u>	<u>Continental</u>
2011			Successor
Integration-related costs	\$ 517	\$ 360	\$ 157
Termination of maintenance service contract	58	58	—
Intangible asset impairment	4	—	4
Other	13	15	(2)
Total	<u>\$ 592</u>	<u>\$ 433</u>	<u>\$ 159</u>

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2010	UAL	United	Continental Successor	Continental Predecessor
Merger costs:				
Merger-related costs	\$144	\$ 114	\$ 30	\$ 10
Salary and severance-related	249	111	138	—
Integration-related costs	171	138	33	19
	564	363	201	29
Aircraft impairments	136	136	—	6
Goodwill impairment credit	(64)	(64)	—	—
Intangible asset impairment	29	29	—	—
Other	4	4	—	12
Total	<u>\$669</u>	<u>\$ 468</u>	<u>\$ 201</u>	<u>\$ 47</u>

Integration-related costs

Integration-related costs incurred during 2012 included compensation costs related to systems integration and training, costs to repaint aircraft and other branding activities, costs to write-off or accelerate depreciation on systems and facilities that are either no longer used or planned to be used for significantly shorter periods, as well as relocation costs for employees and severance primarily associated with administrative headcount reductions. In 2011, these costs also included costs to terminate certain service contracts, costs to write-off system assets, payments to third-party consultants assisting with integration planning and organization design and compensation costs related to the systems integration. In addition, UAL recorded a liability of \$88 million related to the fair value of UAL's obligation to issue to the PBGC \$125 million aggregate principal amount of 8% Contingent Senior Notes during 2011. This was classified as an integration-related cost since the financial results of UAL, excluding Continental's results, would not have resulted in a triggering event under the 8% Contingent Senior Notes indenture.

On December 31, 2012, UAL and United entered into an agreement with the PBGC that reduced the aggregate amount of 8% Contingent Senior Notes to be issued by UAL, and eliminated the contingent nature of such obligation by replacing the \$188 million principal amount of 8% Contingent Senior Notes incurred as of December 31, 2012 and the obligation to issue any additional 8% Contingent Senior Notes with \$400 million principal amount of New 8% Notes. In addition, UAL and United agreed to replace the \$652 million principal amount outstanding of UAL's 6% Senior Notes due 2031 with the New 6% Notes. The Company did not receive any cash proceeds in connection with the issuance of the New PBGC Notes. The Company is accounting for this agreement as a debt extinguishment, resulting in a charge of \$309 million that represents the fair value of \$212 million of New 8% Notes that it agreed to issue and the change in the fair value of the New 6% Notes and the \$188 million of New 8% Notes versus their previous carrying values. The Company classified the expense as a component of special charges because the note restructuring would not have occurred if it were not for the Merger.

Labor agreement costs

In December 2012, the United and Continental pilots represented by the Air Line Pilots Association, International ratified a new joint collective bargaining agreement with the Company. The Company recorded \$475 million of expense associated with lump sum cash payments that would be made in conjunction with the ratification of the contract and the completion of the integrated pilot seniority list. This charge also includes \$80 million associated with changes to existing pilot disability plans negotiated in connection with the agreement. The lump sum payments are not in lieu of future pay increases. The Company made cash payments of approximately \$55 million in late 2012 and expects to pay the remainder by the end of 2013 relating to these charges.

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[Voluntary severance and benefits](#)

During 2012, the Company recorded \$125 million of severance and benefits associated with various voluntary retirement and leave of absence programs for its various employee groups. During the first quarter of 2012, approximately 400 mechanics offered to retire early in exchange for a cash severance payment that was based on the number of years of service each employee had accumulated. The expense for this voluntary program was approximately \$32 million. The Company also offered a voluntary leave of absence program that approximately 1,800 flight attendants accepted, which allows for continued medical coverage during the leave of absence period. The expense for this voluntary program was approximately \$17 million. During the second quarter of 2012, as part of the recently amended collective bargaining agreement with the Association of Flight Attendants, the Company offered a voluntary program for flight attendants at United to retire early in exchange for a cash severance payment. The payments are dependent on the number of years of service each employee has accumulated. Approximately 1,300 flight attendants accepted this program and the expense for this voluntary program is approximately \$76 million.

[Merger-related costs](#)

Merger-related costs in 2010 include charges related to the planning and execution of the Merger, including costs for items such as financial advisor, legal and other advisory fees. Salary and severance related costs are primarily associated with administrative headcount reductions and compensation costs related to the Merger.

[Intangible asset impairments](#)

During 2012 and 2011, Continental recorded impairment charges of \$30 million and \$4 million, respectively, on certain intangible assets related to European take-off and landing slots to reflect the estimated fair value of these assets as part of its annual impairment test of indefinite-lived intangible assets.

During 2010, the U.S. and Brazilian governments reached an open skies aviation agreement that removed the restriction on the number of flights into Sao Paulo by October 2015. As a result of these changes, United recorded a \$29 million non-cash charge to write-down its indefinite-lived route asset in Brazil. These impairments were based on estimated fair values, which were primarily developed using income methodologies, as described in Note 12.

[Gains on sale of assets and other special charges](#)

During 2012, the Company recorded net gains of \$46 million related to gains and losses on the disposal of aircraft and related parts and other assets.

[Aircraft impairments](#)

The aircraft impairments summarized in the table above for 2010 relate to United's nonoperating Boeing 737 and Boeing 747 aircraft which declined in value, as older, less fuel efficient models became less valuable with increasing fuel costs. The carrying values of these nonoperating aircraft were reduced to estimated fair values.

[Goodwill impairment credit](#)

During 2010, UAL determined that it overstated its deferred tax liabilities by approximately \$64 million when it applied fresh start accounting upon its exit from Chapter 11 bankruptcy protection in 2006. Under applicable standards in 2008, this error would have been corrected with a decrease to goodwill, which would have resulted in a decrease in the amount of UAL's 2008 goodwill impairment charge. Therefore, UAL corrected this overstatement in the fourth quarter of 2010 by reducing its deferred tax liabilities and recorded it as goodwill impairment credit in its consolidated statement of operations. The adjustment was not made to prior periods as UAL does not believe the correction was material to 2010 or any prior period. As the goodwill from fresh start accounting was pushed down to United, the above disclosure also applies to United.

[Termination charges](#)

During 2011, United recorded \$58 million of charges related to the early termination of a maintenance service contract. During 2009, United incurred \$104 million primarily for aircraft lease termination charges related to its operational plans to significantly reduce its operating fleet.

[Table of Contents](#)**Accrual Activity**

Activity related to the accruals for severance and medical costs and future lease payments on permanently grounded aircraft and unused facilities is as follows (in millions):

	Severance/ Medical Costs	Permanently Grounded Aircraft	Unused Facilities
UAL			
Balance at December 31, 2009	\$ 45	\$ 83	\$ —
Liability assumed due to Merger, October 1, 2010	3	—	33
Accrual	155	(3)	—
Payments	(101)	(39)	(26)
Balance at December 31, 2010	102	41	7
Accrual	21	5	—
Payments	(68)	(15)	(3)
Balance at December 31, 2011	55	31	4
Accrual	170	(1)	(2)
Payments	(160)	(25)	(1)
Balance at December 31, 2012	<u>\$ 65</u>	<u>\$ 5</u>	<u>\$ 1</u>
United			
Balance at December 31, 2009	\$ 45	\$ 83	\$ —
Accrual	74	(3)	—
Payments	(77)	(39)	—
Balance at December 31, 2010	42	41	—
Accrual	28	5	—
Payments	(42)	(15)	—
Balance at December 31, 2011	28	31	—
Accrual	152	(1)	—
Payments	(141)	(25)	—
Balance at December 31, 2012	<u>\$ 39</u>	<u>\$ 5</u>	<u>\$ —</u>
Continental			
Balance at December 31, 2009	\$ 14	\$ 2	\$ 26
Accrual (a)	84	(1)	9
Payments (a)	(38)	(1)	(28)
Balance at December 31, 2010	60	—	7
Accrual	(7)	—	—
Payments	(26)	—	(3)
Balance at December 31, 2011	27	—	4
Accrual	18	—	(2)
Payments	(19)	—	(1)
Balance at December 31, 2012	<u>\$ 26</u>	<u>\$ —</u>	<u>\$ 1</u>

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(a) Continental accrual and payment amounts for 2010 represent both Predecessor and Successor periods. Total accrual and payments in the Predecessor period were \$11 million and \$17 million, respectively. Total accrual and payments in the Successor period were \$81 million and \$50 million, respectively.

The Company's accrual and payment activity in 2012 and 2011 is primarily related to severance and other compensation expense associated with voluntary employee programs and the Merger, respectively.

NOTE 22 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

UAL (In millions, except per share amounts)	Quarter Ended			
	March 31	June 30	September 30	December 31
2012				
Operating revenue	\$ 8,602	\$ 9,939	\$ 9,909	\$ 8,702
Income (loss) from operations	(271)	575	200	(465)
Net income (loss)	(448)	339	6	(620)
Basic earnings (loss) per share	(1.36)	1.02	0.02	(1.87)
Diluted earnings (loss) per share	(1.36)	0.89	0.02	(1.87)
2011				
Operating revenue	\$ 8,202	\$ 9,809	\$ 10,171	\$ 8,928
Income from operations	34	808	935	45
Net income (loss)	(213)	538	653	(138)
Basic earnings (loss) per share	(0.65)	1.63	1.97	(0.42)
Diluted earnings (loss) per share	(0.65)	1.39	1.69	(0.42)

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UAL's quarterly financial data is subject to seasonal fluctuations and historically its second and third quarter financial results, which reflect higher travel demand, are better than its first and fourth quarter financial results. UAL's quarterly results were impacted by the following significant items (in millions):

UAL	Quarter Ended			
	March 31	June 30	September 30	December 31
2012				
Special charges (income):				
Integration-related costs	\$ 134	\$ 137	\$ 60	\$ 408
Labor agreement costs	—	—	454	21
Voluntary severance and benefits	49	76	—	—
Intangible asset impairments	6	—	—	24
Gains on sale of assets and other special charges, net	(25)	(7)	—	(14)
Total special items	164	206	514	439
Income tax benefit	(2)	—	—	(9)
Total special items, net of tax	<u>\$ 162</u>	<u>\$ 206</u>	<u>\$ 514</u>	<u>\$ 430</u>
2011				
Special charges (income):				
Revenue - Co-brand Agreement modification (Note 2(c))	\$ —	\$ (107)	\$ —	\$ —
Integration-related costs	79	145	123	170
Termination of maintenance service contract	—	—	—	58
Aircraft-related charges (gains), net	(2)	1	(3)	(2)
Intangible asset impairment	—	—	—	4
Other special items	—	—	—	19
Total special items	77	39	120	249
Income tax benefit	—	—	—	(2)
Total special items, net of tax	<u>\$ 77</u>	<u>\$ 39</u>	<u>\$ 120</u>	<u>\$ 247</u>

See Note 21 for further discussion of these items.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

UAL, United and Continental each maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted by UAL, United and Continental to the Securities and Exchange Commission (“SEC”) is recorded, processed, summarized and reported, within the time periods specified by the SEC’s rules and forms, and is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure. The management of UAL, United and Continental, including the Chief Executive Officer and Chief Financial Officer, performed an evaluation to conclude with reasonable assurance that UAL’s, United’s and Continental’s disclosure controls and procedures were designed and operating effectively to report the information each company is required to disclose in the reports they file with the SEC on a timely basis. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer of UAL, United and Continental have concluded that as of December 31, 2012, disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting during the Quarter Ended December 31, 2012

During the three months ended December 31, 2012, there was no change in UAL’s, United’s or Continental’s internal control over financial reporting during their most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, their internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
United Continental Holdings, Inc.

We have audited United Continental Holdings, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2012 of the Company and our report dated February 25, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois
February 25, 2013

United Continental Holdings, Inc. Management Report on Internal Control Over Financial Reporting

February 25, 2013

To the Stockholders of United Continental Holdings, Inc.

Chicago, Illinois

The management of United Continental Holdings, Inc. (“UAL”) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the design and operating effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the framework set forth in *Internal Control—Integrated Framework* issued by the Committee of the Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal controls over financial reporting were effective as of December 31, 2012.

Our independent registered public accounting firm, Ernst & Young LLP, who audited UAL’s consolidated financial statements included in this Form 10-K, has issued a report on UAL’s internal control over financial reporting, which is included herein.

United Air Lines, Inc. Management Report on Internal Control Over Financial Reporting

February 25, 2013

To the Stockholder of United Air Lines, Inc.

Chicago, Illinois

The management of United Air Lines, Inc. (“United”) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). United’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including United’s Chief Executive Officer and Chief Financial Officer, United conducted an evaluation of the design and operating effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the framework set forth in *Internal Control—Integrated Framework* issued by the Committee of the Sponsoring Organizations of the Treadway Commission. Based on this evaluation, United’s Chief Executive Officer and Chief Financial Officer concluded that its internal controls over financial reporting were effective as of December 31, 2012.

This annual report does not include an attestation report of United’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by United’s registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit United to provide only management’s report in this annual report.

Continental Airlines, Inc. Management Report on Internal Control Over Financial Reporting

February 25, 2013

To the Stockholder of Continental Airlines, Inc.

Chicago, Illinois

The management of Continental Airlines, Inc. (“Continental”) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Continental’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including Continental’s Chief Executive Officer and Chief Financial Officer, Continental conducted an evaluation of the design and operating effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the framework set forth in *Internal Control—Integrated Framework* issued by the Committee of the Sponsoring Organizations of the Treadway Commission. Based on this evaluation, Continental’s Chief Executive Officer and Chief Financial Officer concluded that its internal controls over financial reporting were effective as of December 31, 2012.

This annual report does not include an attestation report of Continental’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by Continental’s registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit Continental to provide only management’s report in this annual report.

ITEM 9B. OTHER INFORMATION.

On February 22, 2013, the UAL Board of Directors approved certain revisions to the UAL Amended and Restated Bylaws. The bylaws were revised to remove certain transitional provisions regarding the positions of the Company’s Chief Executive Officer and the Chairman of the UAL Board of Directors that were included in connection with the 2010 merger of JT Merger Sub Inc., a wholly-owned subsidiary of UAL, with and into Continental Airlines, Inc. pursuant to the merger agreement by and among the Company, Continental Airlines, Inc. and JT Merger Sub Inc. In addition, the provision in the Amended and Restated Bylaws related to the location of the Company’s headquarters was deleted. The UAL Amended and Restated Bylaws became effective on February 22, 2013.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Certain information required by this item with respect to UAL is incorporated by reference from UAL’s definitive proxy statement for its 2013 Annual Meeting of Stockholders. Information regarding the executive officers of UAL is presented below.

Information required by this item with respect to United and Continental is omitted pursuant to General Instruction I(2)(c) of Form 10-K.

EXECUTIVE OFFICERS OF UAL

The executive officers of UAL are listed below, along with their ages, tenure as officer and business background for at least the last five years.

Michael P. Bonds. Age 50. Mr. Bonds has been Executive Vice President Human Resources and Labor Relations of UAL, United and Continental since October 2010. From June 2005 to September 2010, Mr. Bonds

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served as Senior Vice President Human Resources and Labor Relations of Continental. Mr. Bonds joined Continental in 1995.

James E. Compton. Age 57. Mr. Compton has been Vice Chairman and Chief Revenue Officer of UAL, United and Continental since December 2012. From October 2010 to December 2012, Mr. Compton served as Executive Vice President and Chief Revenue Officer of UAL, United and Continental. From January 2010 to September 2010, Mr. Compton served as Executive Vice President and Chief Marketing Officer of Continental. From August 2004 to December 2009, Mr. Compton served as Executive Vice President—Marketing of Continental. Mr. Compton joined Continental in 1995.

Jeffrey T. Foland. Age 42. Mr. Foland has been Executive Vice President Marketing, Technology and Strategy of UAL, United and Continental since December 2012. From April 2012 to December 2012, Mr. Foland served as Executive Vice President Strategy, Technology and Business Development. From October 2010 to April 2012, Mr. Foland served as Executive Vice President of UAL, United and Continental and President of Mileage Plus Holdings, LLC. From January 2009 to September 2010, Mr. Foland served as Senior Vice President Worldwide Sales and Marketing of United. From September 2006 to January 2009, Mr. Foland served as Senior Vice President Worldwide Sales of United. From January 2005 to September 2006, Mr. Foland served as Vice President Sales America of United. Mr. Foland joined UAL in 2005.

Irene E. Foxhall. Age 61. Ms. Foxhall has been Executive Vice President Communications and Government Affairs of UAL, United and Continental since October 2010. From January 2010 to September 2010, Ms. Foxhall served as Senior Vice President Communications and Government Affairs of Continental. From October 2008 to December 2009, Ms. Foxhall served as Senior Vice President - Global Communications and Public Affairs of Continental. From September 2007 to October 2008, Ms. Foxhall served as Senior Vice President International and State Affairs of Continental. From September 2005 to September 2007, Ms. Foxhall served as Vice President International and State Affairs of Continental. Ms. Foxhall joined Continental in 1995.

Brett J. Hart. Age 43. Mr. Hart has been Executive Vice President, General Counsel and Secretary of UAL, United and Continental since February 2012. From December 2010 to February 2012, he served as Senior Vice President, General Counsel and Secretary of UAL, United and Continental. From June 2009 to December 2010, Mr. Hart served as Executive Vice President, General Counsel and Corporate Secretary at Sara Lee Corporation. From March 2005 to May 2009, Mr. Hart served as Deputy General Counsel and Chief Global Compliance Officer of Sara Lee Corporation. Mr. Hart joined UAL in 2010.

Chris Kenny. Age 48. Mr. Kenny has been Vice President and Controller of UAL, United and Continental since October 2010. From September 2003 to September 2010, Mr. Kenny served as Vice President and Controller of Continental. Mr. Kenny joined Continental in 1997.

Peter D. McDonald. Age 61. Mr. McDonald has been Executive Vice President and Chief Operations Officer of UAL, United and Continental since October 2010. From May 2008 to September 2010, Mr. McDonald served as Executive Vice President and Chief Administrative Officer of UAL and United. From May 2004 to May 2008, Mr. McDonald served as Executive Vice President and Chief Operating Officer of UAL and United. Mr. McDonald joined UAL in 1969.

John D. Rainey. Age 42. Mr. Rainey has been Executive Vice President and Chief Financial Officer of UAL, United and Continental since April 2012. From October 2010 to April 2012, Mr. Rainey served as Senior Vice President Financial Planning and Analysis of United and Continental. From September 2007 to September 2010, Mr. Rainey served as Vice President Financial Planning and Analysis of Continental. From September 2005 to September 2007, Mr. Rainey served as Staff Vice President Financial Planning and Analysis of Continental. Mr. Rainey joined Continental in 1997.

Jeffery A. Smisek. Age 58. Mr. Smisek was named Chairman of the UAL Board effective December 31, 2012 and has been President and Chief Executive Officer of UAL and Chairman, President and Chief Executive Officer of United and Continental since October 2010. From January 2010 to September 2010, Mr. Smisek served as Chairman, President and Chief Executive Officer of Continental. From September 2008 to December

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2009, Mr. Smisek served as President and Chief Operating Officer of Continental. From December 2004 to September 2008, Mr. Smisek served as President of Continental. Mr. Smisek joined Continental in 1995.

There are no family relationships among the executive officers or the directors of UAL. The executive officers are elected by the Board of Directors each year and hold office until the organization meeting of the respective Board of Directors in the next subsequent year, until his or her successor is chosen or until his or her earlier death, resignation or removal.

The Company has a code of ethics, the “Ethics and Compliance Principles,” for its directors, officers and employees. The code serves as a “Code of Ethics” as defined by SEC regulations, and as a “Code of Business Conduct and Ethics” under the listed Company Manual of the NYSE. The code is available on the Company’s website. Waivers granted to certain officers from compliance with or future amendments to the code will be disclosed on the Company’s website in accordance with Item 5.05 of Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item with respect to UAL is incorporated by reference from UAL’s definitive proxy statement for its 2013 Annual Meeting of Stockholders.

Information required by this item with respect to United and Continental is omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information required by this item with respect to UAL is incorporated by reference from UAL’s definitive proxy statement for its 2013 Annual Meeting of Stockholders.

Information required by this item with respect to United and Continental is omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

Information required by this item with respect to UAL is incorporated by reference from UAL’s definitive proxy statement for its 2013 Annual Meeting of Stockholders.

Information required by this item with respect to United and Continental is omitted pursuant to General Instruction I(2)(c) of Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

In October 2002, the Audit Committee of the UAL Board of Directors adopted a policy on pre-approval of services of the Company’s independent registered public accounting firm. As a wholly owned subsidiary of UAL, United’s audit services were determined by UAL. Continental’s audit services were determined by UAL following the Merger. The policy provides that the Audit Committee shall pre-approve all audit and non-audit services to be provided to UAL and its subsidiaries and affiliates by its independent auditors. The process by which this is carried out is as follows:

For recurring services, the Audit Committee reviews and pre-approves the independent registered public accounting firm’s services in conjunction with the annual appointment of the outside auditors. The reviewed materials include a description of the services along with related fees. The Audit Committee also reviews and pre-approves other classes of recurring services along with fee thresholds for pre-approved services. In the event that the pre-approval fee thresholds are met and additional services are required prior to the next scheduled Audit Committee meeting, pre-approvals of additional services follow the process described below.

Any requests for audit, audit-related, tax and other services not contemplated with the recurring services approval described above must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chair of

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the Audit Committee. The Chair must update the Audit Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

On a periodic basis, the Audit Committee reviews the status of services and fees incurred year-to-date and a list of newly pre-approved services since its last regularly scheduled meeting. The Audit Committee has considered whether the 2012 non-audit services provided by Ernst & Young LLP, the Company's independent registered public accounting firm, are compatible with maintaining auditor independence.

All of the services in 2012 and 2011 under the Audit Related, Tax and All Other Fees categories below have been approved by the Audit Committee pursuant to paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X of the Exchange Act.

The aggregate fees billed for professional services rendered by the Company's independent auditors in 2012 and 2011 are as follows (in thousands):

Service	2012		
	UAL	United	Continental
Audit Fees	\$ 4,229	\$ 2,326	\$ 1,903
Audit-Related Fees	—	—	—
Tax Fees	543	299	244
All Other Fees	5	3	2
	<u>\$ 4,777</u>	<u>\$ 2,628</u>	<u>\$ 2,149</u>

Service	2011		
	UAL	United	Continental
Audit Fees	\$ 4,124	\$ 2,571	\$ 1,553
Audit-Related Fees	209	128	81
Tax Fees	1,198	911	287
All Other Fees	5	3	2
Total	<u>\$ 5,536</u>	<u>\$ 3,613</u>	<u>\$ 1,923</u>

AUDIT FEES

For 2012 and 2011, audit fees consist primarily of the audit and quarterly reviews of the consolidated financial statements and the audit of the effectiveness of internal control over financial reporting of United Continental Holdings, Inc. and its wholly owned subsidiaries. Audit fees also include the audits of the consolidated financial statements of United Air Lines, Inc. and Continental Airlines, Inc., attestation services required by statute or regulation, comfort letters, consents, assistance with and review of documents filed with the SEC, work performed by tax professionals in connection with the audit and quarterly reviews, and accounting and financial reporting consultations and research work necessary to comply with generally accepted auditing standards.

AUDIT RELATED FEES

In 2011, fees for audit-related services consisted of audits for employee benefit plans, carve-out audits, audits of subsidiaries that are not required to be audited by governmental or regulatory bodies, and agreed-upon procedures related to contractual arrangements.

TAX FEES

Tax fees for 2012 and 2011 include professional services provided for preparation of tax returns of certain expatriate employees, personal tax compliance and advice, preparation of federal, foreign and state tax returns, review of tax returns prepared by the Company, research and consultations regarding tax accounting and tax compliance matters, and assistance in assembling data to prepare for and respond to governmental reviews of past tax filings, exclusive of tax services rendered in connection with the audit.

ALL OTHER FEES

Fees for all other services billed in 2012 and 2011 consist of subscriptions to Ernst & Young LLP's on-line accounting research tool.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES.

(a)(1) Financial Statements. The financial statements required by this item are listed in Item 8, Financial Statements and Supplementary Data herein.

(2) *Financial Statement Schedules.* The financial statement schedule required by this item is listed below and included in this report after the signature page hereto.

Schedule II—Valuation and Qualifying Accounts for the years ended December 31, 2012, 2011 and 2010.

All other schedules are omitted because they are not applicable, not required or the required information is shown in the consolidated financial statements or notes thereto.

(b) *Exhibits.* The exhibits required by this item are listed in the Exhibit Index which immediately precedes the exhibits filed with this Form 10-K and is incorporated herein by this reference. Each management contract or compensatory plan or arrangement is denoted with a “+” in the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED CONTINENTAL HOLDINGS, INC.
UNITED AIR LINES, INC.
CONTINENTAL AIRLINES, INC.
(Registrants)

By: /s/ JOHN D. RAINEY

John D. Rainey
Executive Vice President and Chief Financial Officer

Date: February 25, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of United Continental Holdings, Inc. and in the capacities and on the date indicated.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ JEFFERY A. SMISEK</u> Jeffery A. Smisek	Chairman, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ JOHN D. RAINEY</u> John D. Rainey	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ CHRIS KENNY</u> Chris Kenny	Vice President and Controller (Principal Accounting Officer)
<u>/s/ STEPHEN R. CANALE</u> Stephen R. Canale	Director
<u>/s/ CAROLYN CORVI</u> Carolyn Corvi	Director
<u>/s/ JANE C. GARVEY</u> Jane C. Garvey	Director
<u>/s/ JAMES J. HEPPNER</u> James J. Heppner	Director
<u>/s/ WALTER ISAACSON</u> Walter Isaacson	Director

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<u>/s/ HENRY L. MEYER III</u> Henry L. Meyer III	Director
<u>/s/ OSCAR MUNOZ</u> Oscar Munoz	Director
<u>/s/ LAURENCE E. SIMMONS</u> Laurence E. Simmons	Director
<u>/s/ GLENN F. TILTON</u> Glenn F. Tilton	Director
<u>/s/ DAVID J. VITALE</u> David J. Vitale	Director
<u>/s/ JOHN H. WALKER</u> John H. Walker	Director
<u>/s/ CHARLES A. YAMARONE</u> Charles A. Yamarone	Director

Date: February 25, 2013

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of United Air Lines, Inc. and in the capacities and on the date indicated.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ JEFFERY A. SMISEK</u> Jeffery A. Smisek	Chairman, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ JOHN D. RAINEY</u> John D. Rainey	Executive Vice President and Chief Financial Officer and Director (Principal Financial Officer)
<u>/s/ CHRIS KENNY</u> Chris Kenny	Vice President and Controller (Principal Accounting Officer)
<u>/s/ JAMES E. COMPTON</u> James E. Compton	Director
<u>/s/ PETER D. MCDONALD</u> Peter D. McDonald	Director

Date: February 25, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of Continental Airlines, Inc. and in the capacities and on the date indicated.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ JEFFERY A. SMISEK</u> Jeffery A. Smisek	Chairman, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ JOHN D. RAINEY</u> John D. Rainey	Executive Vice President and Chief Financial Officer and Director (Principal Financial Officer)
<u>/s/ CHRIS KENNY</u> Chris Kenny	Vice President and Controller (Principal Accounting Officer)
<u>/s/ JAMES E. COMPTON</u> James E. Compton	Director
<u>/s/ PETER D. MCDONALD</u> Peter D. McDonald	Director

Date: February 25, 2013

Schedule II
Valuation and Qualifying Accounts
For the Years Ended December 31, 2012, 2011 and 2010

(In millions)	Balance at Beginning of Period	Assumed in Merger/ Acquisition Accounting Adjustment	Additions Charged to Costs and Expenses	Deductions (a)	Balance at End of Period
Description					
Allowance for doubtful accounts - UAL:					
2012	\$ 7	\$ —	\$ 12	\$ 6	\$ 13
2011	6	—	8	7	7
2010	14	—	4	12	6
Allowance for doubtful accounts - United:					
2012	\$ 5	\$ —	\$ 9	\$ 3	\$ 11
2011	5	—	5	5	5
2010	14	—	3	12	5
Allowance for doubtful accounts - Continental:					
2012	\$ 2	\$ —	\$ 3	\$ 3	\$ 2
2011	1	—	3	2	2
October 1 to December 31, 2010 (Successor Company)	5	(5)	1	—	1
January 1 to September 30, 2010 (Predecessor Company)	7	—	1	3	5
Obsolescence allowance—spare parts - UAL:					
2012	\$ 89	\$ —	\$ 40	\$ 4	\$ 125
2011	64	—	31	6	89
2010	61	—	215	212	64
Obsolescence allowance—spare parts - United:					
2012	\$ 73	\$ —	\$ 15	\$ 2	\$ 86
2011	61	—	16	4	73
2010	61	—	212	212	61
Obsolescence allowance—spare parts - Continental:					
2012	\$ 16	\$ —	\$ 25	\$ 2	\$ 39
2011	3	—	15	2	16
October 1 to December 31, 2010 (Successor Company)	121	(121)	3	—	3
January 1 to September 30, 2010 (Predecessor Company)	113	—	9	1	121
Valuation allowance for deferred tax assets - UAL:					
2012	\$ 4,137	\$ —	\$ 487	\$ 21	\$ 4,603
2011	4,171	—	333	367	4,137
2010	3,060	1,487	90	466	4,171
Valuation allowance for deferred tax assets - United:					
2012	\$ 2,614	\$ —	\$ 460	\$ 6	\$ 3,068
2011	2,624	—	82	92	2,614
2010	2,977	—	30	383	2,624
Valuation allowance for deferred tax assets - Continental:					
2012	\$ 1,434	\$ —	\$ 201	\$ 200	\$ 1,435
2011	1,384	—	289	239	1,434
October 1 to December 31, 2010 (Successor Company)	362	1,125	2	105	1,384
January 1 to September 30, 2010 (Predecessor Company)	563	—	—	201	362

(a) Deduction from reserve for purpose for which reserve was created.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Registrant</u>	<u>Exhibit</u>
		<u>Plan of Merger</u>
*2.1	UAL United Continental	Agreement and Plan of Merger, dated as of May 2, 2010, by and among UAL Corporation, Continental Airlines, Inc. and JT Merger Sub Inc. (schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K) (filed as Exhibit 2.1 to UAL's Form 8-K filed May 4, 2010, Commission file number 1-6033, and incorporated herein by reference)
		<u>Articles of Incorporation and Bylaws</u>
*3.1	UAL	Amended and Restated Certificate of Incorporation of United Continental Holdings, Inc. (filed as Exhibit 3.1 to UAL's Form 8-K filed October 1, 2010, Commission file number 1-6033, and incorporated herein by reference)
3.2	UAL	Amended and Restated Bylaws of United Continental Holdings, Inc.
3.2.1	UAL	Amended and Restated Bylaws of United Continental Holdings, Inc. (marked to show changes from the prior version of the bylaws)
*3.3	United	Restated Certificate of Incorporation of United Air Lines, Inc. (filed as Exhibit 3.1 to United's Form 8-K filed February 1, 2006, Commission file number 1-11355, and incorporated herein by reference)
*3.4	United	Amended and Restated Bylaws of United Air Lines, Inc. (filed as Exhibit 3.2 to United's Form 8-K filed February 1, 2006, Commission file number 1-11355, and incorporated herein by reference)
*3.5	Continental	Amended and Restated Certification of Incorporation of Continental (filed as Exhibit 3.1 to Continental's Form 8-K filed October 1, 2010, Commission file number 1-10323, and incorporated herein by reference)
*3.6	Continental	Amended and Restated Bylaws of Continental (filed as Exhibit 3.2 to Continental's Form 8-K filed October 1, 2010, Commission file number 1-10323, and incorporated herein by reference)
		<u>Instruments Defining Rights of Security Holders, Including Indentures</u>
*4.1	UAL United	Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007, by and among United Air Lines, Inc., UAL Corporation, certain subsidiaries of United Air Lines, Inc. and UAL Corporation, as named therein, the Lenders named therein, JPMorgan Chase Bank, et al. (filed as Exhibit 4.1 to UAL's Form 8-K filed February 5, 2007, Commission file number 1-6033, and incorporated herein by reference)
*4.2	UAL United	Letter agreement, dated as of February 9, 2007, by and among United Air Lines, Inc., JPMorgan Chase Bank and Citicorp USA, Inc., to the Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007, by and among United Air Lines, Inc., UAL Corporation, certain subsidiaries of United Air Lines, Inc. and UAL Corporation, as named therein, the Lenders named therein, JPMorgan Chase Bank, et al. (filed as Exhibit 4.2 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*4.3	UAL United	First Amendment to Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of December 5, 2007, by and among United Air Lines, Inc., UAL Corporation and certain subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, et al. (filed as Exhibit 4.1 to UAL's Form 8-K filed December 7, 2007, Commission file number 1-6033, and incorporated herein by reference)

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*4.4	UAL United	Second Amendment to the Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of May 5, 2008, by and among United Air Lines, Inc., UAL Corporation and certain subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, et al. (filed as Exhibit 4.1 to UAL's Form 8-K filed May 7, 2008, Commission file number 1-6033, and incorporated herein by reference)
*4.5	UAL United	Letter agreement, dated as of September 23, 2009, by and among United Air Lines, Inc., JPMorgan Chase Bank and Citicorp USA, Inc., to the Amended and Restated Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 2, 2007, by and among United Air Lines, Inc., UAL Corporation, certain subsidiaries of United Air Lines, Inc. and UAL Corporation, as named therein, the Lenders named therein, JPMorgan Chase Bank, et al. (filed as Exhibit 4.5 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
4.6	UAL United	Amended and Restated Indenture, dated as of January 11, 2013, by and among United Continental Holdings, Inc. as Issuer, United Air Lines, Inc. as Guarantor, and the Bank of New York Mellon Trust Company, N.A. as Trustee, providing for issuance of 6% Notes due 2028, 6% Notes due 2026 and 8% Notes due 2024
*4.7	UAL United	Indenture, dated as of July 25, 2006, by and among UAL Corporation as Issuer, United Air Lines, Inc. as Guarantor and The Bank of New York Trust Company, N.A., as Trustee, providing for issuance of 4.50% Senior Limited-Subordination Convertible Notes due 2021 (filed as Exhibit 4.1 to UAL's Form 8-K filed July 27, 2006, Commission file number 1-6033, and incorporated herein by reference)
*4.8	UAL United	Indenture, dated as of July 2, 2009, by and among United Air Lines, Inc., as Issuer, Wells Fargo Bank Northwest, N.A., as Trustee, and Wells Fargo Bank Northwest, N.A., as Collateral Agent, providing for issuance of 12.75% Senior Secured Notes due 2012 (filed as Exhibit 4.15 to UAL's Form 8-K dated July 2, 2009, Commission file number 1-6033, and incorporated herein by reference)
*4.9	UAL United	A Mortgage and Security Agreement, dated as of July 2, 2009, by and among United Air Lines, Inc. and Wells Fargo Bank Northwest, N.A., the Collateral Agent (filed as Exhibit 4.16 to UAL's Form 8-K dated July 2, 2009, Commission file number 1-6033, and incorporated herein by reference)
*4.10	UAL United	B Mortgage and Security Agreement, dated as of July 2, 2009, by and among United Air Lines, Inc. and Wells Fargo Bank Northwest, N.A., the Collateral Agent (filed as Exhibit 4.17 to UAL's Form 8-K dated July 2, 2009, Commission file number 1-6033, and incorporated herein by reference)
*4.11	UAL United	C Mortgage and Security Agreement dated as of July 2, 2009, by and among United Air Lines, Inc. and Wells Fargo Bank Northwest, N.A., the Collateral Agent (filed as Exhibit 4.18 to UAL's Form 8-K dated July 2, 2009, Commission file number 1-6033, and incorporated herein by reference)
*4.12	UAL United	Indenture, dated as of October 7, 2009, by and between UAL Corporation, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee, providing for issuance of 6% Senior Convertible Notes due 2029 (filed as Exhibit 4.1 to UAL's Form 8-K dated October 7, 2009, Commission file number 1-6033, and incorporated herein by reference)

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*4.13	UAL United	Form of Note representing all 6% Senior Convertible Notes due 2029 (filed as Exhibit 4.2 to UAL's Form 8-K dated October 7, 2009, Commission file number 1-6033, and incorporated herein by reference)
*4.14	Continental	Indenture, dated as of November 10, 2000, between Continental Airlines, Inc. and Wilmington Trust Company, as trustee, relating to Continental Airlines, Inc.'s 6% Convertible Junior Subordinated Debentures due 2030 (filed as Exhibit to 4.9 to Continental's S-3 dated February 7, 2001, Commission file number 1-10323, and incorporated herein by reference)
*4.15	UAL Continental	First Supplemental Indenture, dated as of October 1, 2010, by and among Continental Airlines, Inc., United Continental Holdings, Inc. and Wilmington Trust Company, as trustee, with respect to the Indenture, dated as of November 10, 2000, between Continental Airlines, Inc. and Wilmington Trust Company, as trustee, relating to Continental Airlines, Inc.'s 6% Convertible Junior Subordinated Debentures due 2030 (filed as Exhibit 4.2 to UAL's Form 8-K dated October 1, 2010, Commission file number 1-6033, and incorporated herein by reference)
*4.16	Continental	Indenture, dated as of July 15, 1997, between Continental Airlines, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.), as trustee related to Continental Airlines, Inc.'s 4.5% Convertible Notes due 2015 (filed as Exhibit to 4.1 to Continental's S-3/A filed July 18, 1997, Commission file number 1-10323, and incorporated herein by reference)
*4.17	UAL Continental	Fourth Supplemental Indenture, dated as of October 1, 2010, by and among Continental Airlines, Inc., United Continental Holdings, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, with respect to the Indenture, dated as of July 15, 1997, between Continental Airlines, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.), as trustee related to Continental Airlines, Inc.'s 4.5% Convertible Notes due 2015 (filed as Exhibit 4.3 to UAL's Form 8-K dated October 1, 2010, Commission file number 1-6033, and incorporated herein by reference)
*4.18	Continental	Indenture, dated as of August 8, 2010, among Continental, Air Micronesia, Inc., Continental Micronesia, Inc., The Bank of New York Mellon Trust Company, N.A., as trustee, and Wilmington Trust FSB, as collateral trustee (filed as Exhibit 4.1 to Continental's Form 8-K filed August 20, 2010, Commission file number 1-10323, and incorporated herein by reference)
*4.19	Continental	Form of 6.750% Senior Secured Notes due 2015 (filed as Exhibit 4.2 to Continental's Form 8-K filed August 20, 2010, Commission file number 1-10323, and incorporated herein by reference)
*4.20	Continental	Second Supplemental Indenture, dated as of November 13, 2006, among Continental and The Bank of New York Trust Company, N.A., as trustee, with respect to the Indenture, dated as of July 15, 1997, between the Continental and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, as successor to Bank One, N.A.), as trustee (filed as Exhibit 4.1 to Continental's Form 8-K filed November 14, 2006, Commission file number 1-10323, and incorporated herein by reference)

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*4.21	UAL United Continental	Credit and Guaranty Agreement, dated as of December 22, 2011, by and among Continental Airlines, Inc., United Air Lines, Inc., as Co-Borrowers, and United Continental Holdings, Inc. as Parent and Guarantor, the lenders party therein, and Citibank, N.A. (filed as Exhibit 10.1 to UAL's Form 8-K filed December 22, 2011, Commission file number 1-6033, and incorporated herein by reference)
<u>Material Contracts</u>		
*†10.1	UAL	United Continental Holdings, Inc. Profit Sharing Plan, as amended and restated, effective January 1, 2011 (filed as Exhibit 10.1 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.2	UAL	Employment Agreement, dated as of September 5, 2002, by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2002, Commission file number 1-6033, and incorporated herein by reference)
*†10.3	UAL	Amendment No. 1 dated as of December 8, 2002 to the Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton (filed as Exhibit 10.44 to UAL's Form 10-K for the year ended December 31, 2002, Commission file number 1-6033, and incorporated herein by reference)
*†10.4	UAL	Amendment No. 2 dated as of February 17, 2003 to the Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton (filed as Exhibit 10.45 to UAL's Form 10-K for the year ended December 31, 2002, Commission file number 1-6033, and incorporated herein by reference)
*†10.5	UAL	Amendment No. 3 dated as of September 29, 2006 to the Employment Agreement dated September 5, 2002 by and among UAL Corporation, United Air Lines, Inc. and Glenn F. Tilton (filed as Exhibit 99.2 to UAL's Form 8-K filed on September 29, 2006, Commission file number 1-6033, and incorporated herein by reference)
*†10.6	UAL	Amendment No. 4 dated as of September 25, 2008 to the Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2008, Commission file no. 1-6033, and incorporated herein by reference)
*†10.7	UAL	Letter Agreement, dated as of June 21, 2010, by and among UAL Corporation, United Air Lines Inc. and Glenn F. Tilton (filed as Exhibit 10.1 to UAL's Form S-4 dated June 25, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.8	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Michael P. Bonds (filed as Exhibit 10.9 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)

Material Contracts

*†10.9	UAL	SERP Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Michael P. Bonds (filed as Exhibit 10.10 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.10	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and James E. Compton (filed as Exhibit 10.11 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.11	UAL	SERP Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and James E. Compton (filed as Exhibit 10.12 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.12	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Irene E. Foxhall (filed as Exhibit 10.14 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.13	UAL	SERP Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Irene E. Foxhall (filed as Exhibit 10.15 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.14	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., United Air Lines, Inc. and Peter D. McDonald (filed as Exhibit 10.18 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.15	UAL Continental	Employment Agreement, dated as of April 15, 2012, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and John D. Rainey (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended March 31, 2012, Commission file number 1-6033, and incorporated herein by reference)
*†10.16	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Zane C. Rowe (filed as Exhibit 10.19 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.17	UAL	SERP Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., Continental Airlines, Inc. and Zane C. Rowe (filed as Exhibit 10.20 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.18	UAL	Employment Agreement, dated as of October 1, 2010, by and among United Continental Holdings, Inc., United Air Lines, Inc., Continental Airlines, Inc. and Jeffery A. Smisek (filed as Exhibit 10.21 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.19	UAL	Confidentiality and Non-Competition Agreement, dated April 23, 2009, by and among Continental Airlines, Inc. and Jeffery A. Smisek (filed as Exhibit 10.1 to Continental Airlines, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, Commission file number 1-10323, and incorporated herein by reference)

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Material Contracts

*†10.20	UAL	Description of Benefits for Officers of United Continental Holdings, Inc., United Air Lines, Inc., and Continental Airlines, Inc. (filed as Exhibit 10.24 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
*†10.21	UAL	United Continental Holdings, Inc. Officer Travel Policy (filed as Exhibit 10.24 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.22	UAL	UAL Corporation 2006 Management Equity Incentive Plan (filed as Exhibit 10.1 to UAL's Form 8-K filed February 1, 2006, Commission file number 1-6033, and incorporated herein by reference)
*†10.23	UAL	Amendment to Outstanding Awards granted under the UAL Corporation 2006 Management Equity Incentive Plan, effective May 2, 2010 (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended June 30, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.24	UAL	Amendment No. 1 to the UAL Corporation 2006 Management Equity Incentive Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.25	UAL	UAL Corporation 2008 Incentive Compensation Plan (filed as Appendix A to UAL Corporation's Definitive Proxy filed on April 25, 2008, Commission file number 1-6033, and incorporated herein by reference) (now named the United Continental Holdings, Inc. 2008 Incentive Compensation Plan)
*†10.26	UAL	Amendment No. 1 to the UAL Corporation 2008 Incentive Compensation Plan (changing the name to United Continental Holdings, Inc. 2008 Incentive Compensation Plan) (filed as Exhibit 10.30 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.27	UAL	United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (adopted pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan) (filed as Exhibit 10.31 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.28	UAL	First Amendment to the United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (adopted pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan) (effective with respect to performance periods beginning on or after January 1, 2012) (filed as Exhibit 10.33 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
†10.29	UAL	Second Amendment to the United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (adopted pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan)
*†10.30	UAL	Form of Stock Option Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.25 to UAL's Form 10-Q for the quarter ended June 30, 2008, Commission file number 1-6033, and incorporated herein by reference)

Material Contracts

*†10.31	UAL	Form of Restricted Share Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.24 to UAL's Form 10-Q for the quarter ended June 30, 2008, Commission file number 1-6033, and incorporated herein by reference) (awards prior to 2011)
*†10.32	UAL	Form of Restricted Share Award Notice pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan (filed as Exhibit 10.39 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference) (2011 awards)
*†10.33	UAL	Form of Restricted Share Award Notice pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan (awards after 2011) (filed as Exhibit 10.37 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
*†10.34	UAL	Form of Cash Incentive Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 2009, Commission file number 1-6033, and incorporated herein by reference)
*†10.35	UAL	Form of Restricted Stock Unit Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended March 31, 2009, Commission file number 1-6033, and incorporated herein by reference)
*†10.36	UAL	Form of Performance-Based Restricted Stock Unit Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.25 to UAL's Form 10-K for the year ended December 31, 2009, Commission file number 1-6033, and incorporated herein by reference)
*†10.37	UAL	Form of Restricted Stock Unit Award Notice pursuant to the UAL Corporation 2008 Incentive Compensation Plan (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended June 30, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.38	UAL	Form of Merger Performance Incentive Award Notice pursuant to the United Continental Holdings, Inc. 2008 Incentive Compensation Plan (filed as Exhibit 10.42 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
*†10.39	UAL	Form of Performance-Based Restricted Stock Unit Award Notice pursuant to the United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (filed as Exhibit 10.40 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference) (2011 awards)
*†10.40	UAL	Form of Performance-Based Restricted Stock Unit Award Notice pursuant to the United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (2012 awards) (filed as Exhibit 10.44 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
†10.41	UAL	Form of Performance-Based Restricted Stock Unit Award Notice pursuant to the United Continental Holdings, Inc. Performance-Based Restricted Stock Unit Program (for performance periods beginning on or after January 1, 2013)

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*†10.42	UAL	United Continental Holdings, Inc. Incentive Plan 2010, as amended and restated February 17, 2011 (previously named the Continental Airlines, Inc. Incentive Plan 2010) (filed as Exhibit 10.41 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
†10.43	UAL	United Continental Holdings, Inc. Annual Incentive Program (adopted pursuant to the United Continental Holdings, Inc. Incentive Plan 2010) (as amended and restated February 21, 2013)
*†10.44	UAL	United Continental Holdings, Inc. Long-Term Relative Performance Program (adopted pursuant to the United Continental Holdings, Inc. Incentive Plan 2010) (filed as Exhibit 10.43 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.45	UAL	First Amendment to the United Continental Holdings, Inc. Long-Term Relative Performance Program (adopted pursuant to the United Continental Holdings, Inc. Incentive Plan 2010) (effective with respect to performance periods beginning on or after January 1, 2012) (filed as Exhibit 10.49 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
*†10.46	UAL	Form of Annual Incentive Program Award Notice pursuant to the United Continental Holdings, Inc. Annual Incentive Program (for fiscal year 2012) (filed as Exhibit 10.51 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
†10.47	UAL	Form of Annual Incentive Program Award Notice pursuant to the United Continental Holdings, Inc. Annual Incentive Program (for fiscal years beginning on or after January 1, 2013)
*†10.48	UAL	Form of Long-Term Relative Performance Award Notice pursuant to the United Continental Holdings, Inc. Long-Term Relative Performance Program (filed as Exhibit 10.45 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference) (for the performance period beginning January 1, 2011)
*†10.49	UAL	Form of Long-Term Relative Performance Award Notice pursuant to the United Continental Holdings, Inc. Long-Term Relative Performance Program (for use with respect to performance periods beginning on or after January 1, 2012) (filed as Exhibit 10.53 to UAL's Form 10-k for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
†10.50	UAL	Description of Compensation and Benefits for United Continental Holdings, Inc. Non-Employee Directors
*†10.51	UAL	United Continental Holdings, Inc. 2006 Director Equity Incentive Plan (as amended and restated, effective June 9, 2011 filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended June 30, 2011, Commission file number 1-6033, and incorporated herein by reference)
*†10.52	UAL	Form of Share Unit Award Notice pursuant to the UAL Corporation 2006 Director Equity Incentive Plan (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 2009, Commission file number 1-6033, and incorporated herein by reference)

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Material Contracts

*†10.53	UAL	Form of Share Unit Award Notice pursuant to the United Continental Holdings, Inc. 2006 Director Equity Incentive Plan (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended June 30, 2011, Commission file number 1-6033, and incorporated herein by reference) (for awards granted on or after June 2011)
*†10.54	UAL	Letter Agreement, dated October 1, 2010, by and among United Continental Holdings, Inc. and Glenn F. Tilton (filed as Exhibit 10.52 to UAL's Form 10-K for the year ended December 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*†10.55	UAL	Form of Outside Director Stock Option Grant pursuant to the 1998 Incentive Plan (filed as Exhibit 10.12(c) to Continental's Form 10-K for the year ended December 31, 2006, Commission file number 1-10323, and incorporated herein by reference)
*†10.56	UAL	Continental Airlines, Inc. Incentive Plan 2000, as amended and restated (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2002, Commission file number 1-10323, and incorporated herein by reference)
*†10.57	UAL	Amendment to Incentive Plan 2000, dated as of March 12, 2004 (filed as Exhibit 10.6 to Continental's Form 10-Q for the quarter ended March 31, 2004, Commission file number 1-10323, and incorporated herein by reference)
*†10.58	UAL	Second Amendment to Incentive Plan 2000, dated as of June 6, 2006 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended June 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*†10.59	UAL	Third Amendment to Incentive Plan 2000, dated as of September 14, 2006 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended September 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*†10.60	UAL	Form of Outside Director Stock Option Agreement pursuant to Incentive Plan 2000 (filed as Exhibit 10.14(b) to Continental's Form 10-K for the year ended December 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*†10.61	UAL	Form of Outside Director Stock Option Grant pursuant to Incentive Plan 2000 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*†10.62	UAL	Continental Airlines, Inc. Long-Term Incentive and RSU Program, as amended and restated February 18, 2009 (adopted pursuant to Incentive Plan 2000) (filed as Exhibit 10.14 to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*†10.63	UAL	Form of Award Notice pursuant to Continental Airlines, Inc. Long-Term Incentive and RSU Program (Profit Based RSU Awards under Incentive Plan 2000) (filed as Exhibit 10.14(a) to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*†10.64	UAL	Form of Award Notice pursuant to Continental Airlines, Inc. Long-Term Incentive and RSU Program (NLTIP Award under Incentive Plan 2000) (filed as Exhibit 10.16(b) to Continental's Form 10-K for the year ended December 31, 2005, Commission file number 1-10323, and incorporated herein by reference)

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*†10.65	UAL	Form of Non-Employee Director Option Grant Document pursuant to Continental Airlines, Inc. Incentive Plan 2010, as amended and restated through February 17, 2010 (filed as Exhibit 10.2(a) to Continental's Form 10-K for the year ended December 31, 2009, Commission file number 1-10323, and incorporated herein by reference)
*†10.66	UAL	Continental Airlines, Inc. Long-Term Incentive and RSU Program, as amended and restated through March 11, 2010 (adopted pursuant to Continental Airlines, Inc. Incentive Plan 2010, as amended and restated February 17, 2010) (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2010, Commission file number 1-10323, and incorporated herein by reference)
*†10.67	UAL	Form of Award Notice pursuant to Continental Airlines, Inc. Long-Term Incentive and RSU Program, as amended and restated through March 11, 2010 (Profit Based RSU Award under Continental Airlines, Inc. Incentive Plan 2010, as amended and restated February 17, 2010) (filed as Exhibit 10.14(a) to Continental's Form 10-K for the year ended December 31, 2009, Commission file number 1-10323, and incorporated herein by reference)
*†10.68	UAL	Form of Award Notice pursuant to Continental Airlines, Inc. Long-Term Incentive and RSU Program, as amended and restated through March 11, 2010 (LTIP Award under Continental Airlines, Inc. Incentive Plan 2010, as amended and restated February 17, 2010)) (filed as Exhibit 10.14(b) to Continental's Form 10-K for the year ended December 31, 2009, Commission file number 1-10323, and incorporated herein by reference)
*†10.69	UAL	Continental Airlines, Inc. 2005 Broad Based Employee Stock Option Plan (filed as Exhibit 10.8 to Continental's Form 10-Q for the quarter ended March 31, 2005, Commission file number 1-10323, and incorporated herein by reference)
*†10.70	UAL	Continental Airlines, Inc. 2005 Pilot Supplemental Option Plan (filed as Exhibit 10.9 to Continental's Form 10-Q for the quarter ended March 31, 2005, Commission file number 1-10323, and incorporated herein by reference)
*†10.71	UAL	United Air Lines, Inc. Management Cash Match Program effective April 1, 2010 (filed as Exhibit 10.76 to UAL's Form 10-K for the year ended December 31, 2011, Commission file number 1-6033, and incorporated herein by reference)
*^10.72	UAL United	Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.27 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.73	UAL United	Letter Agreement No. 1 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.28 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.74	UAL United	Letter Agreement No. 2 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.29 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.75	UAL United	Letter Agreement No. 3 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.30 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)

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*^10.76	UAL United	Letter Agreement No. 4 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.31 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.77	UAL United	Letter Agreement No. 5 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.32 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.78	UAL United	Letter Agreement No. 6 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.33 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.79	UAL United	Letter Agreement No. 7 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.34 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.80	UAL United	Letter Agreement No. 8 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.35 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.81	UAL United	Letter Agreement No. 9 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.36 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.82	UAL United	Letter Agreement No. 10 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.37 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.83	UAL United	Letter Agreement No. 11 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.38 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.84	UAL United	Letter Agreement No. 12 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.39 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.85	UAL United	Letter Agreement No. 13 to the Airbus A350-900XWB Purchase Agreement, dated March 5, 2010, by and among Airbus S.A.S and United Air Lines. Inc. (filed as Exhibit 10.40 to UAL's Form 10-Q for quarter ended March 31, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.86	UAL United	Amendment No. 1 to the Airbus A350-900XWB Purchase Agreement, dated June 25, 2010, by and among Airbus S.A.S and United Air Lines, Inc. (filed as Exhibit 10.6 to UAL's Form 10-Q for quarter ended June 30, 2010, Commission file number 1-6033, and incorporated herein by reference)
*^10.87	UAL Continental	Purchase Agreement No. 1951, including exhibits and side letters thereto, dated July 23, 1996, by and among Continental and Boeing (filed as Exhibit 10.8 to Continental's Form 10-Q for the quarter ended June 30, 1996, Commission file number 1-10323, and incorporated herein by reference)

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*^10.88	UAL Continental	Supplemental Agreement No. 1 to Purchase Agreement No. 1951, dated October 10, 1996 (filed as Exhibit 10.14(a) to Continental's Form 10-K for the year ended December 31, 1996, Commission file number 1-10323, and incorporated herein by reference)
*^10.89	UAL Continental	Supplemental Agreement No. 2 to Purchase Agreement No. 1951, dated March 5, 1997 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended March 31, 1997, Commission file number 1-10323 and incorporated herein by reference)
*^10.90	UAL Continental	Supplemental Agreement No. 3, including exhibit and side letter, to Purchase Agreement No. 1951, dated July 17, 1997 (filed as Exhibit 10.14(c) to Continental's Form 10-K for the year ended December 31, 1997, Commission file number 1-10323, and incorporated herein by reference)
*^10.91	UAL Continental	Supplemental Agreement No. 4, including exhibits and side letters, to Purchase Agreement No. 1951, dated October 10, 1997 (filed as Exhibit 10.14(d) to Continental's Form 10-K for the year ended December 31, 1997, Commission file number 1-10323, and incorporated herein by reference)
*^10.92	UAL Continental	Supplemental Agreement No. 5, including exhibits and side letters, to Purchase Agreement No. 1951, dated October 10, 1997 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended June 30, 1998, Commission file number 1-10323, and incorporated herein by reference)
*^10.93	UAL Continental	Supplemental Agreement No. 6, including exhibits and side letters, to Purchase Agreement No. 1951, dated July 30, 1998 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended September 30, 1998, Commission file number 1-10323, and incorporated herein by reference)
*^10.94	UAL Continental	Supplemental Agreement No. 7, including side letters, to Purchase Agreement No. 1951, dated November 12, 1998 (filed as Exhibit 10.24(g) to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.95	UAL Continental	Supplemental Agreement No. 8, including side letters, to Purchase Agreement No. 1951, dated December 7, 1998 (filed as Exhibit 10.24(h) to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.96	UAL Continental	Letter Agreement No. 6-1162-GOC-131R1 to Purchase Agreement No. 1951, dated March 26, 1998 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 1998, Commission file number 1-10323, and incorporated herein by reference)
*^10.97	UAL Continental	Supplemental Agreement No. 9, including side letters, to Purchase Agreement No. 1951, dated February 18, 1999 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended March 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.98	UAL Continental	Supplemental Agreement No. 10, including side letters, to Purchase Agreement No. 1951, dated March 19, 1999 (filed as Exhibit 10.4(a) to Continental's Form 10-Q for the quarter ended March 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.99	UAL Continental	Supplemental Agreement No. 11, including side letters, to Purchase Agreement No. 1951, dated March 14, 1999 (filed as Exhibit 10.4(a) to Continental's Form 10-Q for the quarter ended June 30, 1999, Commission file number 1-10323, and incorporated herein by reference)

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*^10.100	UAL Continental	Supplemental Agreement No. 12, including side letters, to Purchase Agreement No. 1951, dated July 2, 1999 (filed as Exhibit 10.8 to Continentals' Form 10-Q for the quarter ended September 30, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.101	UAL Continental	Supplemental Agreement No. 13 to Purchase Agreement No. 1951, dated October 13, 1999 (filed as Exhibit 10.25(n) to Continental's Form 10-K for the year ended December 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.102	UAL Continental	Supplemental Agreement No. 14 to Purchase Agreement No. 1951, dated December 13, 1999 (filed as Exhibit 10.25(o) to Continental's Form 10-K for the year ended December 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.103	UAL Continental	Supplemental Agreement No. 15, including side letters, to Purchase Agreement No. 1951, dated January 13, 2000 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.104	UAL Continental	Supplemental Agreement No. 16, including side letters, to Purchase Agreement No. 1951, dated March 17, 2000 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended March 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.105	UAL Continental	Supplemental Agreement No. 17, including side letters, to Purchase Agreement No. 1951, dated May 16, 2000 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended June 30, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.106	UAL Continental	Supplemental Agreement No. 18, including side letters, to Purchase Agreement No. 1951, dated September 11, 2000 (filed as Exhibit 10.6 to Continental's Form 10-Q for the quarter ended September 30, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.107	UAL Continental	Supplemental Agreement No. 19, including side letters, to Purchase Agreement No. 1951, dated October 31, 2000 (filed as Exhibit 10.20(t) to Continental's Form 10-K for the year ended December 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.108	UAL Continental	Supplemental Agreement No. 20, including side letters, to Purchase Agreement No. 1951, dated December 21, 2000 (filed as Exhibit 10.20(u) to Continental's Form 10-K for the year ended December 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.109	UAL Continental	Supplemental Agreement No. 21, including side letters, to Purchase Agreement No. 1951, dated March 30, 2001 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.110	UAL Continental	Supplemental Agreement No. 22, including side letters, to Purchase Agreement No. 1951, dated May 23, 2001 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended June 30, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.111	UAL Continental	Supplemental Agreement No. 23, including side letters, to Purchase Agreement No. 1951, dated June 29, 2001 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended June 30, 2001, Commission file number 1-10323, and incorporated herein by reference)

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*^10.112	UAL Continental	Supplemental Agreement No. 24, including side letters, to Purchase Agreement No. 1951, dated August 31, 2001 (filed as Exhibit 10.11 to Continental's Form 10-Q for the quarter ended September 30, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.113	UAL Continental	Supplemental Agreement No. 25, including side letters, to Purchase Agreement No. 1951, dated December 31, 2001 (filed as Exhibit 10.22(z) to Continental's Form 10-K for the year ended December 31, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.114	UAL Continental	Supplemental Agreement No. 26, including side letters, to Purchase Agreement No. 1951, dated March 29, 2002 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended March 31, 2002, Commission file number 1-10323, and incorporated herein by reference)
*^10.115	UAL Continental	Supplemental Agreement No. 27, including side letters, to Purchase Agreement No. 1951, dated November 6, 2002 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended March 31, 2002, Commission file number 1-10323, and incorporated herein by reference)
*^10.116	UAL Continental	Supplemental Agreement No. 28, including side letters, to Purchase Agreement No. 1951, dated April 1, 2003 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended March 31, 2003, Commission file number 1-10323, and incorporated herein by reference)
*^10.117	UAL Continental	Supplemental Agreement No. 29, including side letters, to Purchase Agreement No. 1951, dated August 19, 2003 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended September 30, 2003, Commission file number 1-10323, and incorporated herein by reference)
*^10.118	UAL Continental	Supplemental Agreement No. 30 to Purchase Agreement No. 1951, dated November 4, 2003 (filed as Exhibit 10.23(ae) to Continental's Form 10-K for the year ended December 31, 2003, Commission file number 1-10323, and incorporated herein by reference)
*^10.119	UAL Continental	Supplemental Agreement No. 31 to Purchase Agreement No. 1951, dated August 20, 2004 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended September 30, 2004, Commission file number 1-10323, and incorporated herein by reference)
*^10.120	UAL Continental	Supplemental Agreement No. 32, including side letters, to Purchase Agreement No. 1951, dated December 29, 2004 (filed as Exhibit 10.21(ag) to Continental's Form 10-K for the year ended December 31, 2004, Commission file number 1-10323, and incorporated herein by reference)
*^10.121	UAL Continental	Supplemental Agreement No. 33, including side letters, to Purchase Agreement No. 1951, dated December 29, 2004 (filed as Exhibit 10.21(ah) to Continental's Form 10-K for the year ended December 31, 2004, Commission file number 1-10323, and incorporated herein by reference)
*^10.122	UAL Continental	Supplemental Agreement No. 34 to Purchase Agreement No. 1951, dated June 22, 2005 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended June 30, 2005, Commission file number 1-10323, and incorporated herein by reference)
*^10.123	UAL Continental	Supplemental Agreement No. 35 to Purchase Agreement No. 1951, dated June 30, 2005 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended June 30, 2005, Commission file number 1-10323, and incorporated herein by reference)

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*^10.124	UAL Continental	Supplemental Agreement No. 36 to Purchase Agreement No. 1951, dated July 28, 2005 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended September 30, 2005, Commission file number 1-10323, and incorporated herein by reference)
*^10.125	UAL Continental	Supplemental Agreement No. 37 to Purchase Agreement No. 1951, dated March 30, 2006 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended March 31, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.126	UAL Continental	Supplemental Agreement No. 38 to Purchase Agreement No. 1951, dated June 6, 2006 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended June 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.127	UAL Continental	Supplemental Agreement No. 39 to Purchase Agreement No. 1951, dated August 3, 2006 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended September 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.128	UAL Continental	Supplemental Agreement No. 40 to Purchase Agreement No. 1951, dated December 5, 2006 (filed as Exhibit 10.23(ao) to Continental's Form 10-K for the year ended December 31, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.129	UAL Continental	Supplemental Agreement No. 41 to Purchase Agreement No. 1951, dated June 1, 2007 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended June 30, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.130	UAL Continental	Supplemental Agreement No. 42 to Purchase Agreement No. 1951, dated June 12, 2007 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended June 30, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.131	UAL Continental	Supplemental Agreement No. 43 to Purchase Agreement No. 1951, dated July 18, 2007 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended September 30, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.132	UAL Continental	Supplemental Agreement No. 44 to Purchase Agreement No. 1951, dated December 7, 2007 (filed as Exhibit 10.21(as) to Continental's Form 10-K for the year ended December 31, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.133	UAL Continental	Supplemental Agreement No. 45 to Purchase Agreement No. 1951, dated February 20, 2008 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended March 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.134	UAL Continental	Supplemental Agreement No. 46 to Purchase Agreement No. 1951, dated June 25, 2008 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended June 30, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.135	UAL Continental	Supplemental Agreement No. 47 to Purchase Agreement No. 1951, dated October 30, 2008 (filed as Exhibit 10.21(av) to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.136	UAL Continental	Supplemental Agreement No. 48 to Purchase Agreement No. 1951, dated January 29, 2009 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended June 30, 2009, Commission file number 1-10323, and incorporated herein by reference)

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*^10.137	UAL Continental	Supplemental Agreement No. 49 to Purchase Agreement No. 1951, dated May 1, 2009 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended June 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.138	UAL Continental	Supplemental Agreement No. 50 to Purchase Agreement No. 1951, dated July 23, 2009 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended September 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.139	UAL Continental	Supplemental Agreement No. 51 to Purchase Agreement No. 1951, dated August 5, 2009 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended September 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.140	UAL Continental	Supplemental Agreement No. 52 to Purchase Agreement No. 1951, dated August 31, 2009 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended September 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.141	UAL Continental	Supplemental Agreement No. 53 to Purchase Agreement No. 1951, dated December 23, 2009 (filed as Exhibit 10.22(bb) to Continental's Form 10-K for the year ended December 31, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.142	UAL Continental	Supplemental Agreement No. 54 to Purchase Agreement No. 1951, dated March 2, 2010 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended March 31, 2010, Commission file number 1-10323, and incorporated herein by reference)
*^10.143	UAL Continental	Supplemental Agreement No. 55 to Purchase Agreement No. 1951, dated March 31, 2010 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended March 31, 2010, Commission file number 1-10323, and incorporated herein by reference)
*^10.144	UAL Continental	Supplemental Agreement No. 56 to Purchase Agreement No. 1951, dated August 12, 2010 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended September 30, 2010, Commission File Number 1-10323, and incorporated herein by reference)
*^10.145	UAL Continental	Supplemental Agreement No. 57 to Purchase Agreement No. 1951, dated March 2, 2011 (filed as Exhibit 10.1 to UAL's and Continental Form 10-Q for the quarter ended March 31, 2011, Commission Numbers 1-6033 and 1-10323, and incorporated herein by reference)
*^10.146	UAL Continental	Supplemental Agreement No. 58 to Purchase Agreement No. 1951, dated January 6, 2012 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 2012, Commission file number 1-6033, and incorporated herein by reference)
*^10.147	UAL Continental	Supplemental Agreement No. 59 to Purchase Agreement No. 1951, dated July 12, 2012 (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended June 30, 2012, Commission file number 1-6033, and incorporated herein by reference)
^10.148	UAL Continental	Supplemental Agreement No. 60 to Purchase Agreement No. 1951, dated November 7, 2012
*^10.149	UAL Continental	Aircraft General Terms Agreement, dated October 10, 1997, by and among Continental and Boeing (filed as Exhibit 10.15 to Continental's Form 10-K for the year ended December 31, 1997, Commission File Number 1-10323, and incorporated herein by reference)

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*^10.150	UAL Continental	Purchase Agreement No. 2061, including exhibits and side letters, dated October 10, 1997, by and among Continental and Boeing (filed as Exhibit 10.17 to Continental's Form 10-K for the year ended December 31, 1997, Commission File Number 1-10323, and incorporated herein by reference)
*^10.151	UAL Continental	Supplemental Agreement No. 1 to Purchase Agreement No. 2061, dated December 18, 1997 (filed as Exhibit 10.17(a) to Continental's Form 10-K for the year ended December 31, 1997, Commission File Number 1-10323, and incorporated herein by reference)
*^10.152	UAL Continental	Supplemental Agreement No. 2, including side letter, to Purchase Agreement No. 2061, dated July 30, 1998 (filed as Exhibit 10.27(b) to Continental's Form 10-K for the year ended December 31, 1998, Commission File Number 1-10323, and incorporated herein by reference)
*^10.153	UAL Continental	Supplemental Agreement No. 3, including side letter, to Purchase Agreement No. 2061, dated September 25, 1998 (filed as Exhibit 10.27(c) to Continental's Form 10-K for the year ended December 31, 1998, Commission File Number 1-10323, and incorporated herein by reference)
*^10.154	UAL Continental	Supplemental Agreement No. 4, including side letter, to Purchase Agreement No. 2061, dated February 3, 1999 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended March 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.155	UAL Continental	Supplemental Agreement No. 5, including side letter, to Purchase Agreement No. 2061, dated March 26, 1999 (filed as Exhibit 10.5(a) to Continental's Form 10-Q for the quarter ended March 31, 1999, Commission file number 1-10323, and incorporated herein by reference)
*^10.156	UAL Continental	Supplemental Agreement No. 6 to Purchase Agreement No. 2061, dated June 25, 2002 (filed as Exhibit 10.12 to Continental's Form 10-Q for the quarter ended June 30, 2002, Commission file number 1-10323, and incorporated herein by reference)
*^10.157	UAL Continental	Supplemental Agreement No. 7, including side letter, to Purchase Agreement No. 2061, dated October 31, 2000 (filed as Exhibit 10.23(g) to Continental's Form 10-K for the year ended December 31, 2000, Commission file number 1-10323, and incorporated herein by reference)
*^10.158	UAL Continental	Supplemental Agreement No. 8, including side letter, to Purchase Agreement No. 2061, dated June 29, 2001 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended June 30, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.159	UAL Continental	Supplemental Agreement No. 9 to Purchase Agreement No. 2061, dated June 25, 2002 (filed as Exhibit 10.12 to Continental's Form 10-Q for the quarter ended June 30, 2002, Commission file number 1-10323, and incorporated herein by reference)
*^10.160	UAL Continental	Supplemental Agreement No. 10 to Purchase Agreement No. 2061, dated November 4, 2003 (filed as Exhibit 10.26(j) to Continental's Form 10-K for the year ended December 31, 2003, Commission file number 1-10323, and incorporated herein by reference)
*^10.161	UAL Continental	Supplemental Agreement No. 11 to Purchase Agreement No. 2061, dated July 28, 2005 (filed as Exhibit 10.2 to Continental's Form 10-Q for the quarter ended September 30, 2005, Commission file number 1-10323, and incorporated herein by reference)

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*^10.162	UAL Continental	Supplemental Agreement No. 12 to Purchase Agreement No. 2061, dated March 17, 2006 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended March 31, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.163	UAL Continental	Supplemental Agreement No. 13 to Purchase Agreement No. 2061, dated December 3, 2007 (filed as Exhibit 10.23(m) to Continental's Form 10-K for the year ended December 31, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.164	UAL Continental	Supplemental Agreement No. 14 to Purchase Agreement No. 2061, dated February 20, 2008 (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended March 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
*^10.165	UAL Continental	Supplemental Agreement No. 15 to Purchase Agreement No. 2061, dated October 15, 2008 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended June 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.166	UAL Continental	Supplemental Agreement No. 16 to Purchase Agreement No. 2061, dated May 1, 2009 (filed as Exhibit 10.6 to Continental's Form 10-Q for the quarter ended June 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.167	UAL Continental	Supplemental Agreement No. 17 to Purchase Agreement No. 2061, dated August 31, 2009 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended September 30, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.168	UAL Continental	Supplemental Agreement No. 18 to Purchase Agreement No. 2061, dated December 23, 2009 (filed as Exhibit 10.24(r) to Continental's Form 10-K for the year ended December 31, 2009, Commission file number 1-10323, and incorporated herein by reference)
*^10.169	UAL Continental	Supplemental Agreement No. 19 to Purchase Agreement No. 2061, dated March 2, 2010 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended March 31, 2010, Commission file number 1-10323, and incorporated herein by reference)
*^10.170	UAL Continental	Supplemental Agreement No. 20 to Purchase Agreement No. 2061, dated August 12, 2010 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended September 30, 2010, Commission file number 1-10323, and incorporated herein by reference)
*^10.171	UAL Continental	Letter Agreement 6-1162-CHL-048, dated February 8, 2002, by and among Continental and Boeing (filed as Exhibit 10.44 to Continental's Form 10-K for the year ended December 31, 2001, Commission file number 1-10323, and incorporated herein by reference)
*^10.172	UAL Continental	Purchase Agreement No. 2484, including exhibits and side letters, dated December 29, 2004, by and among Continental and Boeing (filed as Exhibit 10.27 to Continental's Form 10-K for the year ended December 31, 2004, Commission file number 1-10323, and incorporated herein by reference)
*^10.173	UAL Continental	Supplemental Agreement No. 1 to Purchase Agreement No. 2484, dated June 30, 2005 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended June 30, 2005, Commission file number 1-10323, and incorporated herein by reference)

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*^10.174	UAL Continental	Supplemental Agreement No. 2, including exhibits and side letters, to Purchase Agreement No. 2484, dated January 20, 2006 (filed as Exhibit 10.27(b) to Continental's Form 10-K for the year ended December 31, 2005, Commission file number 1-10323, and incorporated herein by reference)
*^10.175	UAL Continental	Supplemental Agreement No. 3 to Purchase Agreement No. 2484, dated May 3, 2006 (filed as Exhibit 10.4 to Continental's Form 10-Q for the quarter ended June 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.176	UAL Continental	Supplemental Agreement No. 4 to Purchase Agreement No. 2484, dated July 14, 2006 (filed as Exhibit 10.5 to Continental's Form 10-Q for the quarter ended September 30, 2006, Commission file number 1-10323, and incorporated herein by reference)
*^10.177	UAL Continental	Supplemental Agreement No. 5 to Purchase Agreement No. 2484, dated March 12, 2007 (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended March 31, 2007, Commission file number 1-10323, and incorporated herein by reference)
*^10.178	UAL Continental	Supplemental Agreement No. 6 to Purchase Agreement No. 2484, dated October 22, 2008 (filed as Exhibit 10.25(f) to Continental's Form 10-K for the year ended December 31, 2008, Commission file number 1-10323, and incorporated herein by reference)
^10.179	UAL Continental	Supplemental Agreement No. 7 to Purchase Agreement No. 2484, dated November 7, 2012
*^10.180	UAL Continental	Amended and Restated Letter Agreement No. 11, dated August 8, 2005, by and among Continental and General Electric Company (filed as Exhibit 10.3 to Continental's Form 10-Q for the quarter ended September 30, 2005, Commission file number 1-10323, and incorporated herein by reference)
*^10.181	UAL Continental	Agreement, dated May 7, 2003, by and among Continental and the United States of America, acting through the Transportation Security Administration (filed as Exhibit 10.1 to Continental's Form 10-Q for the quarter ended June 30, 2003, Commission file number 1-10323, and incorporated herein by reference)
*^10.182	UAL United	Purchase Agreement No. PA-03784, dated July 12, 2012, between The Boeing Company and United Air Lines, Inc. (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 2012, Commission file number 1-11355, and incorporated herein by reference)
*^10.183	UAL United	Supplemental Agreement No. 01 to Purchase Agreement No. PA-03784, dated September 27, 2012 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 2012, Commission file number 1-11355, and incorporated herein by reference)
*^10.184	UAL United Continental	Purchase Agreement No. PA-03776, dated July 12, 2012, between The Boeing Company and United Continental Holdings, Inc. (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2012, Commission file number 1-6033, and incorporated herein by reference)
*^10.185	UAL United Continental	Letter Agreement No. 6-1162-KKT-080, dated July 12, 2012, among Boeing, United Continental Holdings, Inc., United Air Lines, Inc., and Continental Airlines, Inc. (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended September 30, 2012, Commission file number 1-6033, and incorporated herein by reference)
*^10.186	UAL United Continental	Purchase Agreement No. 3860, dated September 27, 2012, between Boeing and United Air Lines, Inc. (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended September 30, 2012, Commission file number 1-11355, and incorporated herein by reference)

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Computation of Ratios

12.1	UAL	United Continental Holdings, Inc. and Subsidiary Companies Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
12.2	United	United Air Lines, Inc. and Subsidiary Companies Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
12.3	Continental	Continental Airlines, Inc. and Subsidiary Companies Computation of Ratio of Earnings to Fixed Charges

List of Subsidiaries

21	UAL United Continental	List of United Continental Holdings, Inc., United Air Lines, Inc. and Continental Airlines, Inc. Subsidiaries
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Consents of Experts and Counsel

23.1	UAL	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP) for United Continental Holdings, Inc.
23.2	United	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP) for United Air Lines, Inc.
23.3	Continental	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP) for Continental Airlines, Inc.

Rule 13a-14(a)/15d-14(a) Certifications

31.1	UAL	Certification of the Principal Executive Officer of United Continental Holdings, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
31.2	UAL	Certification of the Principal Financial Officer of United Continental Holdings, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
31.3	United	Certification of the Principal Executive Officer of United Air Lines, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
31.4	United	Certification of the Principal Financial Officer of United Air Lines, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
31.5	Continental	Certification of the Principal Executive Officer of Continental Airlines, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
31.6	Continental	Certification of the Principal Financial Officer of Continental Airlines, Inc. pursuant to 15 U.S.C. 78m(a) or 78o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)

Section 1350 Certifications

32.1	UAL	Certification of the Chief Executive Officer and Chief Financial Officer of United Continental Holdings, Inc. pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
32.2	United	Certification of the Chief Executive Officer and Chief Financial Officer of United Air Lines, Inc. pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
32.3	Continental	Certification of the Chief Executive Officer and Chief Financial Officer of Continental Airlines, Inc. pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

Unaudited Pro Forma Condensed Combined Financial Information

99.1	United Continental	Unaudited Pro Forma Condensed Combined Financial Information of United and Continental
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Interactive Data File

101 UAL The following materials from each of United Continental Holdings, Inc.'s, United Air Lines, Inc.'s and Continental Airlines, Inc.'s Annual Reports on Form 10-K for the year ended December 31, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) the Statements of Consolidated Operations, (ii) the Statements of Consolidated Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Statements of Consolidated Cash Flows, (v) the Statements of Consolidated Stockholders' Equity (Deficit) and (vi) the Combined Notes to Consolidated Financial Statements.

* Previously filed

† Indicates management contract or compensatory plan or arrangement. Pursuant to Item 601(b)(10), United and Continental are permitted to omit certain compensation-related exhibits from this report and therefore only UAL is identified as the registrant for purposes of those items.

^ Confidential portion of this exhibit has been omitted and filed separately with the SEC pursuant to a request for confidential treatment.

**AMENDED AND RESTATED BYLAWS
OF UNITED CONTINENTAL HOLDINGS, INC.**

ARTICLE 1

Definitions

As used in these Restated Bylaws, unless the context otherwise requires, the following terms shall have the following meanings:

- 1.1 “*Assistant Secretary*” means an Assistant Secretary of the Corporation.
- 1.2 “*Assistant Treasurer*” means an Assistant Treasurer of the Corporation.
- 1.3 “*Board*” means the Board of Directors of the Corporation.
- 1.4 “*Chairman*” means the Chairman of the Board of Directors.
- 1.5 “*Change in Ownership*” means any sale, disposition, transfer or issuance or series of sales, dispositions, transfers and/or issuances of shares of the capital stock by the Corporation or any holders thereof which results in any person or group of persons (as the term “group” is used under the Securities Exchange Act of 1934, as amended), other than the holders of Common Stock, owning capital stock of the Corporation possessing the voting power (under ordinary circumstances and without regard to cumulative voting rights) to elect a majority of the Board.
- 1.6 “*Chief Executive Officer*” means the Chief Executive Officer of the Corporation.
- 1.7 “*Common Stock*” means the Common Stock, par value \$0.01 per share, of the Corporation.
- 1.8 “*Corporation*” means United Continental Holdings, Inc.
- 1.9 “*DGCL*” means the General Corporation Law of the State of Delaware, as amended from time to time.
- 1.10 “*Director*” means a member of the Board.
- 1.11 “*Entire Board*” means all Directors who would be in office if there were no vacancies.

1.12 “*Entire Committee*” means, with respect to any committee, all members of such committee who would serve on such committee if there were no vacancies.

1.13 “*Fundamental Change*” means the occurrence of any of the following: (a) any sale, transfer or disposition of more than 50% of the property or assets of the Corporation and its subsidiaries on a consolidated basis (measured either by book value in accordance with generally accepted accounting principles consistently applied or by fair market value determined in the reasonable good faith judgment of the Board) in any transaction or series of transactions (other than sales in the ordinary course of business) and (b) any merger or consolidation to which the Corporation is a party, except for (x) a merger which is effected solely to change the state of incorporation of the Corporation or (y) a merger in which the Corporation is the surviving person and, after giving effect to such merger, the holders of the capital stock of the Corporation as of the date immediately prior to the merger or consolidation shall continue to own the outstanding capital stock of the Corporation possessing the voting power (under ordinary circumstances) to elect a majority of the Board.

1.14 “*General Counsel*” means the General Counsel of the Corporation.

1.15 “*Preferred Stock*” means the Preferred Stock, without par value, of the Corporation.

1.16 “*President*” means the President of the Corporation.

1.17 “*Restated Certificate*” means the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

1.18 “*Restated Bylaws*” means the Amended and Restated Bylaws of the Corporation, as amended from time to time.

1.19 “*Secretary*” means the Secretary of the Corporation.

1.20 “*Stockholders*” means the stockholders of the Corporation.

1.21 “*Treasurer*” means the Treasurer of the Corporation.

1.22 “*Union Directors*” means those directors of the Corporation elected by the holders of Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock pursuant to Article Fourth, Parts II and III of the Restated Certificate.

1.23 “*Vice Chairman*” means a Vice Chairman of the Corporation.

1.24 “*Vice President*” means a Vice President of the Corporation.

ARTICLE 2

Stockholders' Meetings

2.1 *Annual Meeting.* A meeting of Stockholders shall be held annually for the election of Directors and the transaction of other business at an hour and date as shall be determined by the Board and designated in the notice of meeting.

2.2 *Special Meetings.* Subject to the Restated Certificate, a special meeting of the Stockholders may be called only by (a) the Chief Executive Officer and the Chairman or (b) the Board, and at an hour and date as shall be determined by them. At any special meeting of Stockholders, no business other than that set forth in the notice thereof given pursuant to Section 2.4 may be transacted.

2.3 *Place of Meetings.* All meetings of Stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board or as specified or fixed in the respective notices. The Board may, in its sole discretion, determine that a meeting of the Stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the DGCL (or any successor provision thereto). Any previously-scheduled meeting of the Stockholders may be postponed by action of the Board taken prior to the time previously scheduled for such annual meeting of Stockholders.

2.4 *Notices of Stockholders' Meetings.* Except as otherwise provided in Section 2.5 or otherwise required by the Restated Certificate or applicable law, written notice of each meeting of Stockholders, whether annual or special, shall be given to each Stockholder required or permitted to take any action at, or entitled to notice of, such meeting not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, by delivering such notice to him or her, personally, by mail or by electronic transmission in the manner provided by law. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, directed to the Stockholder at his or her address as it appears on the stock ledger of the Corporation. Every notice of a meeting of Stockholders shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called.

2.5 *Waivers of Notice.* Notwithstanding any other provision in these Restated Bylaws, notice of any meeting of Stockholders shall not be required as to any Stockholder who shall attend such meeting in person or be represented by proxy, except when such Stockholder attends such meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at such meeting because the meeting is not lawfully called or convened. If any Stockholder shall, in person or represented by proxy, waive notice of any meeting, whether before or after such meeting, notice thereof shall not be required as to such Stockholder.

2.6 Quorum Requirements and Required Vote at Stockholder Meetings.

(a) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, at all meetings of Stockholders the presence, in person or represented by proxy, of the holders of outstanding shares representing at least a majority of the total voting power entitled to vote at a meeting of Stockholders shall constitute a quorum for the transaction of business; *provided, however*, that where a separate vote of a class or classes or series of stock is required, the presence in person or represented by proxy of the holders of outstanding shares representing at least a majority of the total voting power of all outstanding shares of such class or classes or series shall constitute a quorum thereof entitled to take action with respect to such separate vote.

(b) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, each holder of stock of the Corporation entitled to vote on any matter at any meeting of the Stockholders shall be entitled to one vote for each share of such stock standing in the name of such holder on the stock ledger of the Corporation on the record date for the determination of the Stockholders entitled to vote at the meeting. Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, including, without limitation, Section 3.3 hereof, the affirmative vote of a majority in voting power of the shares present in person or represented by proxy and entitled to vote on the subject matter at a meeting of Stockholders at which a quorum is present shall be the act of the Stockholders. Except as required by applicable law, the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

(c) The holders of a majority in voting power of the shares entitled to vote and present in person or represented by proxy at any meeting of Stockholders, whether or not a quorum is present, may adjourn such meeting to another time and place. At any such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally called. Unless otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, no notice of an adjourned meeting need be given.

2.7 *Proxies*. Each Stockholder entitled to vote at a meeting of Stockholders may authorize another person or persons to act for him or her by proxy executed in writing by the Stockholder or as otherwise permitted by law, or by his or her duly authorized attorney-in-fact, but such proxy shall no longer be valid eleven months after the date of such proxy. Such proxy must be filed with the Secretary of the Corporation or his or her representative at or before the time of the meeting.

2.8 *Inspectors*. The Board by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at the meeting of Stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall

take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the DGCL. The chairman of the meeting shall fix and announce at the meeting the time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting.

2.9 *Conduct of Stockholders' Meetings.* The Chief Executive Officer or the Chairman of the Board, as designated by the Board, or, in their absence or the absence of any such designation, the appointee of the presiding officer of the meeting, shall preside at all meetings of Stockholders and may establish such rules of procedure for conducting the meetings as he or she deems fair and reasonable. The Secretary, or in his or her absence an Assistant Secretary, or if none be present, the appointee of the presiding officer of the meeting, shall act as secretary of the meeting.

2.10 *Notice of Stockholder Business and Nominations.*

(a) *Annual Meetings of Stockholders.*

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the Stockholders may be made at an annual meeting of Stockholders only (A) if brought before the meeting by the Corporation and specified in the Corporation's notice of meeting delivered pursuant to Section 2.4, (B) if brought before the meeting by or at the direction of the Board or (C) if brought before the meeting by a Stockholder who (i) was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf any nomination or proposal is made, only if such beneficial owner was the beneficial owner of shares of capital stock of the Corporation) both at the time of giving of notice provided for in this Section 2.10, and at the time of the meeting, (ii) is entitled to vote at the meeting, and (iii) has complied with this Section 2.10 as to such nominations or other business. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "*Exchange Act*"), and included in the notice of meeting given by or at the direction of the Board, the foregoing clause (C) shall be the exclusive means for a Stockholder to propose business to be considered or to propose any nominations of persons for election to the Board at an annual meeting of the Stockholders.

(2) Without qualification, for any nominations of persons for election to the Board or other business to be properly brought before an annual meeting by a Stockholder, in each case, pursuant to clause (C) of paragraph (a)(1) of this Section 2.10, the Stockholder must (x) have given timely notice thereof in writing and in proper form to the Secretary of the Corporation and (y) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.10. To be timely, a Stockholder's notice shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not more than 120 days and not less than 90 days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 60 days, from such anniversary date, notice

by the Stockholder to be timely must be so delivered, or mailed and received, not later than the close of business on the tenth day following the day on which public announcement of the date of such annual meeting is first made by the Corporation. In no event shall any adjournment of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a Stockholder's notice. For purposes of this Section 2.10, the term "Proposing Person" means (i) the Stockholder providing the notice of a proposed nomination or other business proposed to be brought before a meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the proposed nomination or other business proposed to be brought before a meeting is made, and (iii) any affiliate or associate (for purposes of these Bylaws, each within the meaning of Rule 12b-2 under the Exchange Act) of such Stockholder or beneficial owner.

(3) To be in proper form, a Stockholder's notice (whether given pursuant to paragraph (a)(2) or paragraph (b) of this Section 2.10) shall set forth:

(A) As to each Proposing Person:

- (i) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's stock ledger); and
- (ii) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned of record or beneficially (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the capital stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (i) and (ii) are referred to as "*Stockholder Information*");

(B) As to each Proposing Person:

- (i) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to give such Proposing Person economic risk similar to ownership of shares of any class or series of the capital stock of the Corporation, including due to the fact that the value of such derivative, swap or other transaction is determined by reference to the price, value or volatility of any shares of any class or series of the capital stock of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any

increase in the price or value of shares of any class or series of the capital stock of the Corporation (“*Synthetic Equity Interests*”), which such Synthetic Equity Interests shall be disclosed without regard to whether (x) such derivative, swap or other transactions convey any voting rights in such shares to such Proposing Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such Proposing Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transaction;

- (ii) any proxy (other than a revocable proxy or consent given in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to vote any shares of any class or series of the capital stock of the Corporation;
- (iii) any agreement, arrangement, understanding or relationship, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the capital stock of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Person with respect to the shares of any class or series of the capital stock of the Corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the capital stock of the Corporation (“*Short Interests*”);
- (iv) any rights to dividends on the shares of any class or series of the capital stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation;
- (v) any performance related fees (other than an asset based fee) that such Proposing Person is entitled to based on any increase or decrease in the price or value of shares of any class or series of the capital stock of the Corporation, or any Synthetic Equity Interests or Short Interests, if any; and

- (vi) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the nomination for election of Directors or the other business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (i) through (vi) are referred to as “*Disclosable Interests*”); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the Stockholder of record directed to prepare and submit the information required by this Section 2.10 on behalf of a beneficial owner.
- (C) As to each person, if any, whom a Proposing Person proposes to nominate for election or reelection as a Director:
- (i) all information with respect to such proposed nominee that would be required to be set forth in a Stockholder’s notice pursuant to this Section 2.10 if such proposed nominee were a Proposing Person;
 - (ii) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such proposed nominee’s written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and
 - (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among any Proposing Person, on the one hand, and each proposed nominee and his or her respective affiliates and associates, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Proposing Person were the “registrant” for purposes of such rule and the proposed nominee were a Director or executive officer of such registrant; and

- (D) As to any business other than nominations for election of Directors that a Proposing Person proposes to bring before an annual meeting:
- (i) a reasonably brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of any Proposing Person;
 - (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration); and
 - (iii) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons and (y) between or among any Proposing Person and any other record or beneficial owner of capital stock of the Corporation (including their names) in connection with the proposal of such business by such Stockholder.

(4) A Stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to paragraph (a)(2) or paragraph (b) of this Section 2.10) shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment or postponement thereof). The Corporation may also require any proposed nominee for election to the Board to furnish such other information (i) as may be reasonably required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation in accordance with the Corporation's corporate governance guidelines as then in effect or (ii) that could be material to a reasonable Stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(5) Notwithstanding anything in paragraph (a)(2) of this Section 2.10 to the contrary, in the event that the number of Directors to be elected to the Board at the annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for Director or specifying the size of the increased Board made by the Corporation at least ten days before the last day a Stockholder could otherwise deliver a

notice of nomination in accordance with such paragraph (a)(2) of this Section 2.10, a Stockholder's notice required by this Section 2.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meeting of Stockholders.*

Only such business shall be conducted at a special meeting of Stockholders as shall have been properly brought before the meeting in accordance with Section 2.2. Nominations of persons for election to the Board may be made at a special meeting of Stockholders at which Directors are properly to be elected only (1) by or at the direction of the Board or (2) by any Stockholder who (A) was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf any nomination is made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving of notice provided for in this Section 2.10 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) complied with this paragraph (b) and paragraph (a) (3) of this Section 2.10 as to such nominations. Without qualification, in order for a Stockholder to present any nominations of persons for election to the Board at such a special meeting, pursuant to clause (2) of this paragraph (b), the Stockholder must (x) have given timely notice thereof in writing and in proper form to the Secretary of the Corporation (which notice shall include disclosure of the information that is required by the applicable provisions of paragraph (a)(3) of this Section 2.10) and (y) provide any updates or supplements to such notice at the times and in the forms required by paragraph (a)(4) of this Section 2.10. To be timely, a Stockholder's notice shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth day prior to the date of such special meeting and not later than the close of business on the later of (x) the ninetieth day prior to the date of such special meeting and (y) the tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by the Board to be elected at such special meeting. In no event shall any adjournment of a special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a Stockholder's notice as described above.

(c) *General.*

(1) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors as may be provided in a designation of rights relating to such series of Preferred Stock, including the holders of the Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock pursuant to Article Fourth, Parts II and III of the Restated Certificate, only persons who are nominated in accordance with this Section 2.10 shall be eligible to serve as Directors and only such business as shall have been brought before the meeting in accordance with this Section 2.10 shall be conducted at a meeting of Stockholders. Nominations for Union Directors shall be made only by the holders of the Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock, and then only in accordance with the procedures and qualification requirements of the Restated Certificate and any stockholder agreements applicable to

such nomination process. Except as otherwise provided by law, the Restated Certificate or these Restated Bylaws, the chairman of the meeting shall have the power and duty to determine whether such nomination or business was made in compliance with this Section 2.10 and, if such proposed nomination or business is deemed not to have been properly made, to declare that such nomination or proposal has not been properly brought before the meeting and shall be disregarded and declared to be out of order.

(2) For purposes of this Section 2.10, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.10, a Stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Section 2.10. This Section 2.10 is expressly intended to apply to any business proposed to be brought before a meeting of Stockholders other than any proposal made pursuant to Rule 14a-8 under the Exchange Act. Nothing in this Section 2.10 shall be deemed to affect any rights of Stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

2.11 *List of Stockholders.* It shall be the duty of the Secretary or other officer who has charge of the stock ledger to prepare and make, at least ten (10) days before each annual or special meeting of the Stockholders, a complete list of the Stockholders entitled to vote at such meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in such Stockholder’s name. Such list shall be produced and kept available at the times and places required by law. The stock ledger shall be the only evidence as to which Stockholders are the Stockholders entitled to examine the stock ledger or the list required by this Section 2.11, or to vote in person or by proxy at such meeting of the Stockholders.

2.12 *Remote Communication.* For the purposes of these Restated Bylaws, if authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, Stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of Stockholders; and

(b) be deemed present in person and vote at a meeting of Stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a Stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such Stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any Stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE 3
Board Of Directors

3.1 *Number and Term of Office.* The number and term of office of Directors on the Board shall be determined as provided in the Restated Certificate.

3.2 *Powers.* The Board may, except as otherwise provided in the Restated Certificate or the DGCL, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

3.3 *Election.* Except as otherwise required by applicable law or the Restated Certificate, and notwithstanding Section 2.6(b) hereof, Directors shall be elected by a plurality of the votes cast at a meeting of Stockholders by the holders of shares entitled to vote on their election.

3.4 *Place of Meetings.* Meetings of the Board may be held either within or without the State of Delaware at such place as is indicated in the notice or waiver of notice thereof. It is intended that a majority of the in-person Board meetings in each calendar year shall be held in the Greater Chicago Metropolitan Area.

3.5 *Organization Meeting.* The Board shall meet as soon as practicable after each annual meeting of Stockholders at the place of such annual meeting for the purpose of organization and the transaction of other business. No notice of such meeting of the Board shall be required. Such organization meeting may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board, or in a consent and waiver of notice thereof, signed by all of the Directors.

3.6 *Stated Meetings.* The Board shall from time to time, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, appoint the time and place for holding stated meetings of the Board; and such meetings shall thereupon be held at the time and place so appointed, without the giving of any special notice with regard thereto. Any and all business may be transacted at any stated meeting.

3.7 *Special Meetings.* Special meetings of the Board shall be held whenever called by the Secretary, at the direction of any three Directors, or by the Chairman, or, in the event that the office of the Chairman is vacant, by the Chief Executive Officer, or in the event that the offices of the Chairman and Chief Executive Officer are vacant, by the President. Notice of a special meeting shall set forth a description of such meeting and be sent to the Directors as provided in Section 3.8.

3.8 *Notices of Board Meetings.* Notice of any meeting shall be sent to each Director at his or her residence or usual place of business either (a) by reputable overnight delivery service in circumstances to which such service guarantees next day delivery, not later than on the day that is the second business day immediately preceding the day of such meeting, or (b) by

facsimile, telex, telegram or electronic mail, not later than twenty-four (24) hours before the time of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of the Board need not however be given to any Director, if waived by him or her in writing or if, subject to applicable law, he or she shall be present at the meeting. Any meeting of the Board shall be a legal meeting without any notice thereof having been given if all of the Directors shall be present thereat, except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

3.9 *Quorum and Manner of Acting.* Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the presence at any organization, stated or special meeting of Directors having at least a majority of the votes entitled to be cast by the Entire Board shall constitute a quorum for the transaction of business; and, except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the affirmative vote of a majority of the votes entitled to be cast by the Directors present at any meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum, the affirmative vote of a majority of the votes entitled to be cast by the Directors present may adjourn any meeting, from time to time, until a quorum is present.

3.10 *Telephone Meetings.* Directors or members of any committee of the Board may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

3.11 *Chairman of the Board Pro Tempore.* In the absence of both the Chairman and the Chief Executive Officer at any meeting of the Board, the Board may appoint from among its members a Chairman of the Board pro tempore, who shall preside at such meeting, except where otherwise provided by law.

3.12 *Resignation.* Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Any such resignation shall take effect at the time received by the Corporation, unless the resignation specifies a later effective date or an effective date determined upon the happening of one or more events.

3.13 *Removal of Directors.* Any Director or the entire Board may be removed with or without cause as provided under the DGCL.

3.14 *Vacancies and Newly Created Directorships.* Except as otherwise provided in the Restated Certificate, vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, even if less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next election of Directors and until their successors are duly elected and qualified or until earlier resignation or removal. If there are no Directors in office, then an election of Directors may be held in the manner provided by statute.

3.15 *Directors' Fees.* The Board shall have authority to determine, from time to time, the amount of compensation that shall be paid to its members for attendance at meetings of the Board or of any committee of the Board, which compensation may be payable currently or deferred.

3.16 *Action Without Meeting.* Any action required or permitted to be taken at any meeting of the Board or any committee of the Board may be taken without a meeting if all of the members of the Board or of any such committee, as the case may be, consent thereto in writing, by electronic transmission or transmissions, or as otherwise permitted by law and, if required by law, the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE 4

Board Committees

4.1 *Designation.*

(a) Except as otherwise provided in the Restated Certificate, the Board may, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, designate one or more committees of the Board, each such committee to consist of one or more Directors. Except as otherwise provided in the Restated Certificate, unless sooner discharged by the affirmative vote of a majority of the votes entitled to be cast by the Entire Board, members of each committee of the Board shall hold office until the organization meeting of the Board in the next subsequent year and until their respective successors are appointed.

(b) So far as practicable, members of each committee of the Board shall be appointed annually at the organization meeting of the Board. The Board may designate one or more Directors as alternate members of any committee of the Board, who may replace any absent or disqualified member at any meeting of such committee. The Nominating/Governance Committee of the Board shall have the power to recommend to the Board a chairman of each committee of the Board by the affirmative vote of a majority of the votes entitled to be cast by all of the members of the Nominating/Governance Committee. The Board shall have the power to appoint one of its members to act as chairman of each committee of the Board.

(c) Notwithstanding the foregoing, except as required by law or otherwise provided in these Restated Bylaws, no committee of the Board will have the authority to (i) issue dividends, distributions or securities, except for issuances of cash or securities pursuant to employee benefit plans; (ii) to approve a Fundamental Change or Change in Ownership, except as may be required in the exercise of fiduciary duties; (iii) to take any action that would require the approval of the Stockholders pursuant to the DGCL; (iv) elect any officer designated as such in Section 5.1 or to fill any vacancy in any such office; (v) designate the Chief Executive Officer

or the Chairman of the Board; (vi) fill any vacancy in the Board or any newly created Directorship; (vii) amend these Restated Bylaws; (viii) take any action that under these Restated Bylaws is required to be taken by vote of a specified proportion of the Entire Board or of the Directors at the time in office; or (ix) take any action, the power or authority for which is reserved for the Entire Board pursuant to Section 141(c)(2) of the DGCL, except as otherwise set forth in such Section 141(c)(2).

4.2 Meetings.

(a) Stated meetings of any committee of the Board shall be held at such times and at such places as shall be fixed, from time to time, by resolution adopted by the Board or by the affirmative vote of a majority of the votes entitled to be cast by the members of such committee of the Board and upon notification pursuant to Section 4.3 to all the members of such committee. Any and all business may be transacted at any stated meeting of any committee of the Board.

(b) Special meetings of any committee of the Board may be called at any time by the chairman of such committee or by any two members of such committee. Notice of a special meeting of any committee of the Board shall set forth a description of the business to be transacted at such meeting and be sent to the members of such committee of the Board as provided in Section 4.3.

4.3 Notice of Board Committee Meetings. Notice of any meeting of any committee of the Board shall be sent to each member of such committee at his or her residence or usual place of business either (a) by reputable overnight delivery service in circumstances to which such service guarantees next day delivery, not later than on the day that is the second business day immediately preceding the day of such meeting, or (b) by facsimile, telex, telegram or electronic mail, not later than twenty-four (24) hours before the time of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of a committee of the Board need not however be given to any member of such committee, if waived by him or her in writing or if, subject to applicable law, he or she shall be present at the meeting. Any meeting of a committee of the Board shall be a legal meeting without any notice thereof having been given if all of the members shall be present thereat except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.4 Place of Meetings. Meetings of any committee of the Board may be held either within or without the State of Delaware.

4.5 Quorum and Voting Requirements of Board Committees.

(a) The presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on a committee of the Board shall constitute a quorum for the transaction of business, and any act of a committee of the Board shall require the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of such committee at which a quorum is present.

(b) The members of any committee of the Board shall act only as a committee of the Board, and the individual members of the Board shall have no power as such.

4.6 *Records.* Each committee of the Board shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board. The Secretary, or, in his or her absence, an Assistant Secretary, shall act as secretary to each committee of the Board, or a committee of the Board may, in its discretion, appoint its own secretary.

4.7 *Vacancies.* Except as otherwise provided in the Restated Certificate, any vacancy in any committee of the Board shall be filled by a majority of the Directors then in office.

4.8 *Committee Procedure.* The Board by resolution or resolutions shall establish the rules of procedure to be followed by each committee, which shall include a requirement that such committee keep regular minutes of its proceedings and deliver to the Secretary the same.

4.9 *Executive Committee.*

(a) In addition to any requirements set forth in the Restated Certificate or these Restated Bylaws, an Executive Committee shall be appointed, to consist of the Chairman, the Chief Executive Officer and three or more other Directors; *provided, however,* that at least a majority of the Executive Committee shall consist of Directors who are neither officers nor employees of the Corporation or of any of its affiliated corporations.

(b) Subject to the provisions of the DGCL and these Restated Bylaws, the Executive Committee shall have and may exercise all the powers of the Board in the management of the business and affairs of the Corporation, including, without limitation, the power to authorize the seal of the Corporation to be affixed to all papers that may require it, but excluding any powers granted by the Board to any other committee of the Board.

(c) Subject to any provision in the Restated Certificate or the DGCL, any action herein authorized to be taken by the Executive Committee and which is duly taken by it in accordance herewith shall have the same effect as if such action were taken by the Board.

ARTICLE 5

Officers, Employees and Agents: Powers And Duties

5.1 *Officers.* The officers of the Corporation, who shall be elected by the Board, may be a Chairman of the Board (who shall be a Director), a Treasurer and one or more Assistant Treasurers, and shall be a Chief Executive Officer, a President, one or more Vice Chairmen, one or more Vice Presidents (who may be further classified by such descriptions as “executive,” “senior,” “assistant,” “staff” or otherwise, as the Board shall determine), a General Counsel, a Secretary and one or more Assistant Secretaries. The Board may also elect, and may delegate power to appoint, such other officers and select such other employees or agents as, from time to time, may appear to be necessary or advisable in the conduct of the affairs of the Corporation. Any officer may also be elected to another office or offices.

5.2 *Term of Office.* Subject to the provisions of the Restated Certificate or these Restated Bylaws, so far as practicable, each officer shall be elected at the organization meeting of the Board in each year, and shall hold office until the organization meeting of the Board in the next subsequent year and until his or her successor is chosen or until his or her earlier death, resignation or removal in the manner hereinafter provided.

5.3 *Resignation and Removal of Officers.* Any officer may resign at any time upon written notice to the Corporation. Any officer may be removed at any time, either for or without cause, by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, at any meeting called for that purpose. The Board may delegate such power of removal as to officers, agents and employees not appointed by the Board. Such removal shall be without prejudice to a person's contract rights, if any, but the appointment of any person as an officer, agent or employee of the Corporation shall not of itself create contract rights.

5.4 *Vacancies.* If any vacancy occurs in any office, the Board may elect a successor to fill such vacancy for the remainder of the term.

5.5 *Chairman of the Board.*

(a) The Board may elect a Director as Chairman of the Board.

(b) The Chairman shall determine the agenda for Board meetings, in consultation with the lead independent director of the Board, if applicable, and shall preside at all meetings of the Board at which he or she may be present. The Chairman shall have such other powers and duties as he or she may be called upon by the Board to perform.

5.6 *Chief Executive Officer.* The Chief Executive Officer shall have general and active control of the business and affairs of the Corporation and, in the absence of the Chairman (or if there be none), he or she shall preside at all meetings of the Board. He or she shall have general power (a) to execute bonds, deeds and contracts in the name of the Corporation, (b) to affix the corporate seal, (c) to sign stock certificates, (d) subject to the provisions of the Restated Certificate, these Restated Bylaws and the approval of the Board, to select all employees and agents of the Corporation whose selection is not otherwise provided for and to fix the compensation thereof, (e) to remove or suspend any employee or agent who shall not have been selected by the Board, (f) to suspend for cause, pending final action by the Board any employee or agent who shall have been selected by the Board and (g) to exercise all the powers usually and customarily performed by the chief executive officer of a corporation.

5.7 *President*. The President, if not designated as Chief Executive Officer of the Corporation, shall perform such duties as are delegated by the Board, the Chairman or the Chief Executive Officer. In the event of an absence, disability or vacancy in the office of the Chief Executive Officer, the President shall act in the place of the Chief Executive Officer with authority to exercise all his or her powers and perform his or her duties.

5.8 *Vice Chairmen*. The Board may elect one or more officers designated as the Vice Chairman, but the appointment of one or more Vice Chairmen shall not be required. If one or more Vice Chairmen shall be elected, then each Vice Chairman shall have such powers and perform all such duties and services as may be assigned to or required of them, from time to time, by the Board, the Chairman or the Chief Executive Officer, respectively. In the event of the absence or disability of both the Chairman and the Chief Executive Officer, the President may designate one of the Vice Chairmen, or one of the several Vice Presidents, to act in his or her place with authority to exercise all of his or her powers and perform his or her duties, provided that the Board may change such designation, or if the President fails or is unable to make such designation, the Board may make such designation at a regular or special meeting called for that purpose.

5.9 *Vice Presidents and Other Officers*. The several Vice Presidents and other elected officers, including, without limitation, the General Counsel, shall perform all such duties and services as shall be assigned to or required of them, from time to time, by the Board, or the Chief Executive Officer, respectively. In the event of the absence or disability of both the Chairman and the Chief Executive Officer, the President may designate one of the Vice Chairmen, or one of the several Vice Presidents, to act in his or her place with authority to exercise all of his or her powers and perform his or her duties, provided that the Board may change such designation, or if the President fails or is unable to make such designation, the Board may make such designation at a regular or special meeting called for that purpose.

5.10 *Secretary*. The Secretary shall attend to the giving of notice of all meetings of Stockholders and the Board and shall keep and attest true records of all proceedings thereat. He or she shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He or she shall keep and account for all books, documents, papers and records of the Corporation, except those which are directed to be in charge of the Treasurer, and he or she may delegate responsibility for maintaining the stock ledger to any transfer agent or registrar appointed by the Board. He or she shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his or her duties.

5.11 *Treasurer*. The Treasurer, if any, shall be responsible for the collection, receipt, care, custody and disbursement of the funds of the Corporation and shall deposit or cause to be deposited all funds of the Corporation in and with such depositories as the Board shall, from time to time, direct. He or she shall have the care and custody of all securities owned by the Corporation, and shall deposit such securities with such banks or in such safe deposit vaults, and under such controls, as the Board shall, from time to time, direct. He or she shall disburse funds of the Corporation on the basis of vouchers properly approved for payment by the controller of the Corporation or his or her duly authorized representative. He or she shall be responsible for the maintenance of detailed records of cash and security transactions and shall prepare such reports thereof as may be required. He or she shall have the power to sign stock certificates and

to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation and to give proper receipts or discharges therefor. He or she shall have such other duties as are commonly incidental to the office of treasurer of a corporation. In the absence of the Treasurer, an Assistant Treasurer shall perform his or her duties.

5.12 *Additional Powers and Duties.* In addition to the foregoing especially enumerated duties and powers, the officers of the Corporation shall perform such other duties and exercise such further powers as may be provided in these Restated Bylaws or as the Board may, from time to time, determine or as may be assigned to them by any competent superior officer.

5.13 *Compensation.* Except as otherwise provided in the Restated Certificate, the compensation of all officers of the Corporation shall be fixed, from time to time, by the Board or the Compensation Committee, but this power may be delegated to any officer by the Board or the Compensation Committee in accordance with applicable law.

5.14 *Prohibition on Loans to Directors and Executive Officers.* The Corporation shall not directly or indirectly extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any member of the Board or executive officer of the Corporation, as such terms are used in Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder.

ARTICLE 6

Stock And Transfers Of Stock

6.1 *Stock Certificates.* The Common Stock shall be uncertificated. The shares of the Corporation other than the Common Stock shall be represented by certificates or shall be uncertificated. The Board shall have the power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of uncertificated shares or certificates for shares of stock of the Corporation. Each certificate shall be signed by the Chairman or the President or a Vice Chairman or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of certificated shares owned by such Stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, Transfer Agent or Registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, Transfer Agent or Registrar at the date of issuance.

6.2 *Transfer Agents and Registrars.* The Board may, in its discretion, appoint responsible banks or trust companies as the Board may deem advisable, from time to time, to act as Transfer Agents and Registrars of the stock of the Corporation; and, when such appointments shall have been made, no stock certificate shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars.

6.3 *Transfers of Stock.* Transfers of shares of stock of the Corporation shall be made on the stock ledger of the Corporation only upon authorization by the record holder thereof or by such holder's attorney, successor or assignee thereunto authorized by power of attorney (or other proper evidence of succession, assignment or authority to transfer) duly executed and filed with the Corporation's Transfer Agent or Registrar. Except as otherwise provided in the Restated Certificate, and subject to any other transfer restriction applicable thereto, shares of certificated stock may be transferred by delivery of the certificates therefor, accompanied either by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign and transfer the same with reasonable assurances given that such endorsement is genuine and that all applicable taxes thereon have been paid, signed by the record holder thereof; but no transfer shall affect the right of the Corporation to pay any dividend upon the stock to the holder of record thereof, or to treat the holder of record as the holder in fact thereof for all purposes, and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Corporation. No transfer of stock in violation of the provisions of Article Fourth, Part III, Section 1 or Article Fourth, Part IV, Section 1 of the Restated Certificate shall be valid as against the Corporation for any purpose.

6.4 *Lost Certificates.* In case any certificate of stock shall be lost, stolen or destroyed, the Board, in its discretion, may authorize the issuance of a substitute certificate in place of the certificate lost, stolen or destroyed and may cause such substitute certificate to be countersigned by the appropriate Transfer Agent (if any) and registered by the appropriate Registrar (if any), provided that, in each such case, the applicant for a substitute certificate shall furnish to the Corporation and to such of its Transfer Agents and Registrars as may require the same, evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by them.

6.5 *Record Date.*

(a) In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or, subject to applicable law, to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board is authorized, from time to time, to fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such Stockholder meeting, nor more than sixty (60) days prior to any other action.

(b) A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(c) Only Stockholders that are Stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, a meeting of Stockholders and any adjournment thereof or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for any other purpose, as applicable, notwithstanding any transfer of any stock on the stock ledger of the Corporation after any record date so fixed.

ARTICLE 7

Miscellaneous

7.1 *Fiscal Year.* The fiscal year of the Corporation shall be the calendar year.

7.2 *Surety Bonds.* The Treasurer, each Assistant Treasurer and such other officers or agents of the Corporation as the Board may direct, from time to time, shall be bonded for the faithful performance of their duties in such amounts and by such surety companies as the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Chief Executive Officer or the chief financial officer.

7.3 *Signature of Negotiable Instruments.* All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer or officers and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board.

7.4 *Subject to Law and Restated Certificate.* All powers, duties and responsibilities provided for in these Restated Bylaws, whether or not explicitly so qualified, are qualified by the provisions of the Restated Certificate and all applicable laws.

7.5 *Voting of Stocks.* Unless otherwise ordered by the Board of Directors, the Chairman of the Board, President and General Counsel shall each have full power and authority, in the name of and on behalf of the Corporation, to attend, act and vote at any meeting of stockholders of a corporation in which the Corporation may hold stock, and, in connection with any such meeting, shall possess and may exercise any and all rights and powers incident to the ownership of such stock which, as the owner thereof, the Corporation might possess and exercise. The Board of Directors from time to time may confer like powers upon any other person or persons.

7.6 *Dividends.* Dividends upon the capital stock may be declared by the Board at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the Directors may set apart out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may later or abolish any such reserve or reserves.

7.7 *Corporate Seal.* The seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board, the name of the Corporation and the words “Corporate Seal” and “Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE 8

Amendments

8.1 *Amendment of these Restated Bylaws.* Except as herein otherwise expressly provided, these Restated Bylaws may be altered or repealed and new bylaws, not inconsistent with any provision of the Restated Certificate or applicable law, may be adopted, either (a) by the affirmative vote of at least a majority of the Directors voting at a meeting of the Board at which a quorum is present or (b) by the affirmative vote of the holders of at least a majority in voting power of the stock entitled to vote thereon, at an annual meeting of Stockholders, or at a special meeting thereof, the notice of which meeting shall include the form of the proposed amendment or supplement to or modification of these Restated Bylaws or of the proposed new bylaws, or a summary thereof.

ARTICLE 9

Restated Certificate to Govern

9.1 *Restated Certificate to Govern.* Notwithstanding anything to the contrary herein, if any provision contained herein is inconsistent with or conflicts with a provision of the Restated Certificate, such provision herein shall be superseded by the inconsistent provision in the Restated Certificate, to the extent necessary to give effect to such provision in the Restated Certificate.

**AMENDED AND RESTATED BYLAWS
OF UNITED CONTINENTAL HOLDINGS, INC.**

ARTICLE 1

Definitions

As used in these Restated Bylaws, unless the context otherwise requires, the following terms shall have the following meanings:

- 1.1 “*Assistant Secretary*” means an Assistant Secretary of the Corporation.
- 1.2 “*Assistant Treasurer*” means an Assistant Treasurer of the Corporation.
- 1.3 “*Board*” means the Board of Directors of the Corporation.
- 1.4 “*Chairman*” means the Chairman of the Board of Directors.
- 1.5 “*Change in Ownership*” means any sale, disposition, transfer or issuance or series of sales, dispositions, transfers and/or issuances of shares of the capital stock by the Corporation or any holders thereof which results in any person or group of persons (as the term “group” is used under the Securities Exchange Act of 1934, as amended), other than the holders of Common Stock, owning capital stock of the Corporation possessing the voting power (under ordinary circumstances and without regard to cumulative voting rights) to elect a majority of the Board.
- 1.6 “*Chief Executive Officer*” means the Chief Executive Officer of the Corporation.
- 1.7 “*Common Stock*” means the Common Stock, par value \$0.01 per share, of the Corporation.
- 1.8 “*Corporation*” means United Continental Holdings, Inc.
- 1.9 “*DGCL*” means the General Corporation Law of the State of Delaware, as amended from time to time.
- 1.10 “*Director*” means a member of the Board.
- ~~1.11 “*Effective Time*” means the date and time of the filing with the Secretary of State of the State of Delaware of the Certificate of Merger (as defined in the Merger Agreement) consummating the Merger (or such later time as may be agreed by the parties to the Merger Agreement and specified in the Certificate of Merger).~~
- 1.11~~2~~ “*Entire Board*” means all Directors who would be in office if there were no vacancies.

1.123 “Entire Committee” means, with respect to any committee, all members of such committee who would serve on such committee if there were no vacancies.

1.134 “Fundamental Change” means the occurrence of any of the following: (a) any sale, transfer or disposition of more than 50% of the property or assets of the Corporation and its subsidiaries on a consolidated basis (measured either by book value in accordance with generally accepted accounting principles consistently applied or by fair market value determined in the reasonable good faith judgment of the Board) in any transaction or series of transactions (other than sales in the ordinary course of business) and (b) any merger or consolidation to which the Corporation is a party, except for (x) a merger which is effected solely to change the state of incorporation of the Corporation or (y) a merger in which the Corporation is the surviving person and, after giving effect to such merger, the holders of the capital stock of the Corporation as of the date immediately prior to the merger or consolidation shall continue to own the outstanding capital stock of the Corporation possessing the voting power (under ordinary circumstances) to elect a majority of the Board.

1.145 “General Counsel” means the General Counsel of the Corporation.

~~1.16 “Merger” means the merger of JT Merger Sub Inc., a Delaware corporation and wholly-owned subsidiary of the Corporation, with and into Continental Airlines, Inc., a Delaware corporation, pursuant to the Merger Agreement.~~

~~1.17 “Merger Agreement” means that certain Agreement and Plan of Merger dated as of May 2, 2010, by and among the Corporation, Continental Airlines, Inc. and JT Merger Sub Inc., as amended from time to time.~~

1.158 “Preferred Stock” means the Preferred Stock, without par value, of the Corporation.

1.169 “President” means the President of the Corporation.

1.1720 “Restated Certificate” means the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

1.1821 “Restated Bylaws” means the Amended and Restated Bylaws of the Corporation, as amended from time to time.

1.1922 “Secretary” means the Secretary of the Corporation.

1.203 “Stockholders” means the stockholders of the Corporation.

1.214 “Treasurer” means the Treasurer of the Corporation.

1.225 “Union Directors” means those directors of the Corporation elected by the holders of Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock pursuant to Article Fourth, Parts II and III of the Restated Certificate.

1.236 “Vice Chairman” means a Vice Chairman of the Corporation.

1.247 "Vice President" means a Vice President of the Corporation.

ARTICLE 2

Stockholders' Meetings

2.1 *Annual Meeting.* A meeting of Stockholders shall be held annually for the election of Directors and the transaction of other business at an hour and date as shall be determined by the Board and designated in the notice of meeting.

2.2 *Special Meetings.* Subject to the Restated Certificate, a special meeting of the Stockholders may be called only by (a) ~~both~~ the Chief Executive Officer and the Chairman or (b) the Board, and at an hour and date as shall be determined by them. At any special meeting of Stockholders, no business other than that set forth in the notice thereof given pursuant to Section 2.4 may be transacted.

2.3 *Place of Meetings.* All meetings of Stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board or as specified or fixed in the respective notices. The Board may, in its sole discretion, determine that a meeting of the Stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the DGCL (or any successor provision thereto). Any previously-scheduled meeting of the Stockholders may be postponed by action of the Board taken prior to the time previously scheduled for such annual meeting of Stockholders.

2.4 *Notices of Stockholders' Meetings.* Except as otherwise provided in Section 2.5 or otherwise required by the Restated Certificate or applicable law, written notice of each meeting of Stockholders, whether annual or special, shall be given to each Stockholder required or permitted to take any action at, or entitled to notice of, such meeting not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, by delivering such notice to him or her, personally, by mail or by electronic transmission in the manner provided by law. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, directed to the Stockholder at his or her address as it appears on the stock ledger of the Corporation. Every notice of a meeting of Stockholders shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called.

2.5 *Waivers of Notice.* Notwithstanding any other provision in these Restated Bylaws, notice of any meeting of Stockholders shall not be required as to any Stockholder who shall attend such meeting in person or be represented by proxy, except when such Stockholder attends such meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at such meeting because the meeting is not lawfully called or convened. If any Stockholder shall, in person or represented by proxy, waive notice of any meeting, whether before or after such meeting, notice thereof shall not be required as to such Stockholder.

2.6 Quorum Requirements and Required Vote at Stockholder Meetings.

(a) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, at all meetings of Stockholders the presence, in person or represented by proxy, of the holders of outstanding shares representing at least a majority of the total voting power entitled to vote at a meeting of Stockholders shall constitute a quorum for the transaction of business; *provided, however*, that where a separate vote of a class or classes or series of stock is required, the presence in person or represented by proxy of the holders of outstanding shares representing at least a majority of the total voting power of all outstanding shares of such class or classes or series shall constitute a quorum thereof entitled to take action with respect to such separate vote.

(b) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, each holder of stock of the Corporation entitled to vote on any matter at any meeting of the Stockholders shall be entitled to one vote for each share of such stock standing in the name of such holder on the stock ledger of the Corporation on the record date for the determination of the Stockholders entitled to vote at the meeting. Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, including, without limitation, Section 3.3 hereof, the affirmative vote of a majority in voting power of the shares present in person or represented by proxy and entitled to vote on the subject matter at a meeting of Stockholders at which a quorum is present shall be the act of the Stockholders. Except as required by applicable law, the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

(c) The holders of a majority in voting power of the shares entitled to vote and present in person or represented by proxy at any meeting of Stockholders, whether or not a quorum is present, may adjourn such meeting to another time and place. At any such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally called. Unless otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, no notice of an adjourned meeting need be given.

2.7 *Proxies*. Each Stockholder entitled to vote at a meeting of Stockholders may authorize another person or persons to act for him or her by proxy executed in writing by the Stockholder or as otherwise permitted by law, or by his or her duly authorized attorney-in-fact, but such proxy shall no longer be valid eleven months after the date of such proxy. Such proxy must be filed with the Secretary of the Corporation or his or her representative at or before the time of the meeting.

2.8 *Inspectors*. The Board by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at the meeting of Stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall

take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the DGCL. The chairman of the meeting shall fix and announce at the meeting the time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting.

2.9 Conduct of Stockholders' Meetings. The Chief Executive Officer or the Chairman of the Board, as designated by the Board, or, in their absence or the absence of any such designation, the appointee of the presiding officer of the meeting, shall preside at all meetings of Stockholders and may establish such rules of procedure for conducting the meetings as he or she deems fair and reasonable. The Secretary, or in his or her absence an Assistant Secretary, or if none be present, the appointee of the presiding officer of the meeting, shall act as secretary of the meeting.

2.10 Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the Stockholders may be made at an annual meeting of Stockholders only (A) if brought before the meeting by the Corporation and specified in the Corporation's notice of meeting delivered pursuant to Section 2.4, (B) if brought before the meeting by or at the direction of the Board or (C) if brought before the meeting by a Stockholder who (i) was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf any nomination or proposal is made, only if such beneficial owner was the beneficial owner of shares of capital stock of the Corporation) both at the time of giving of notice provided for in this Section 2.10, and at the time of the meeting, (ii) is entitled to vote at the meeting, and (iii) has complied with this Section 2.10 as to such nominations or other business. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "*Exchange Act*"), and included in the notice of meeting given by or at the direction of the Board, the foregoing clause (C) shall be the exclusive means for a Stockholder to propose business to be considered or to propose any nominations of persons for election to the Board at an annual meeting of the Stockholders.

(2) Without qualification, for any nominations of persons for election to the Board or other business to be properly brought before an annual meeting by a Stockholder, in each case, pursuant to clause (C) of paragraph (a)(1) of this Section 2.10, the Stockholder must (x) have given timely notice thereof in writing and in proper form to the Secretary of the Corporation and (y) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.10. To be timely, a Stockholder's notice shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not more than 120 days and not less than 90 days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 60 days, from such anniversary date, notice

by the Stockholder to be timely must be so delivered, or mailed and received, not later than the close of business on the tenth day following the day on which public announcement of the date of such annual meeting is first made by the Corporation. In no event shall any adjournment of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a Stockholder's notice. For purposes of this Section 2.10, the term "Proposing Person" means (i) the Stockholder providing the notice of a proposed nomination or other business proposed to be brought before a meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the proposed nomination or other business proposed to be brought before a meeting is made, and (iii) any affiliate or associate (for purposes of these Bylaws, each within the meaning of Rule 12b-2 under the Exchange Act) of such Stockholder or beneficial owner.

(3) To be in proper form, a Stockholder's notice (whether given pursuant to paragraph (a)(2) or paragraph (b) of this Section 2.10) shall set forth:

(A) As to each Proposing Person:

- (i) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's stock ledger); and
- (ii) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned of record or beneficially (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the capital stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (i) and (ii) are referred to as "*Stockholder Information*");

(B) As to each Proposing Person:

- (i) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to give such Proposing Person economic risk similar to ownership of shares of any class or series of the capital stock of the Corporation, including due to the fact that the value of such derivative, swap or other transaction is determined by reference to the price, value or volatility of any shares of any class or series of the capital stock of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any

increase in the price or value of shares of any class or series of the capital stock of the Corporation (“*Synthetic Equity Interests*”), which such Synthetic Equity Interests shall be disclosed without regard to whether (x) such derivative, swap or other transactions convey any voting rights in such shares to such Proposing Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such Proposing Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transaction;

- (ii) any proxy (other than a revocable proxy or consent given in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to vote any shares of any class or series of the capital stock of the Corporation;
- (iii) any agreement, arrangement, understanding or relationship, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the capital stock of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Person with respect to the shares of any class or series of the capital stock of the Corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the capital stock of the Corporation (“*Short Interests*”);
- (iv) any rights to dividends on the shares of any class or series of the capital stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation;
- (v) any performance related fees (other than an asset based fee) that such Proposing Person is entitled to based on any increase or decrease in the price or value of shares of any class or series of the capital stock of the Corporation, or any Synthetic Equity Interests or Short Interests, if any; and

- (vi) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the nomination for election of Directors or the other business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (i) through (vi) are referred to as “*Disclosable Interests*”); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the Stockholder of record directed to prepare and submit the information required by this Section 2.10 on behalf of a beneficial owner.
- (C) As to each person, if any, whom a Proposing Person proposes to nominate for election or reelection as a Director:
- (i) all information with respect to such proposed nominee that would be required to be set forth in a Stockholder’s notice pursuant to this Section 2.10 if such proposed nominee were a Proposing Person;
 - (ii) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such proposed nominee’s written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and
 - (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among any Proposing Person, on the one hand, and each proposed nominee and his or her respective affiliates and associates, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Proposing Person were the “registrant” for purposes of such rule and the proposed nominee were a Director or executive officer of such registrant; and

- (D) As to any business other than nominations for election of Directors that a Proposing Person proposes to bring before an annual meeting:
- (i) a reasonably brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of any Proposing Person;
 - (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration); and
 - (iii) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons and (y) between or among any Proposing Person and any other record or beneficial owner of capital stock of the Corporation (including their names) in connection with the proposal of such business by such Stockholder.

(4) A Stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to paragraph (a)(2) or paragraph (b) of this Section 2.10) shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight business days prior to the date for the meeting or, if practicable, any adjournment of postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment or postponement thereof). The Corporation may also require any proposed nominee for election to the Board to furnish such other information (i) as may be reasonably required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation in accordance with the Corporation's corporate governance guidelines as then in effect or (ii) that could be material to a reasonable Stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(5) Notwithstanding anything in paragraph (a)(2) of this Section 2.10 to the contrary, in the event that the number of Directors to be elected to the Board at the annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for Director or specifying the size of the increased Board made by the Corporation at least ten days before the last day a Stockholder could otherwise deliver a

notice of nomination in accordance with such paragraph (a)(2) of this Section 2.10, a Stockholder's notice required by this Section 2.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meeting of Stockholders.

Only such business shall be conducted at a special meeting of Stockholders as shall have been properly brought before the meeting in accordance with Section 2.2. Nominations of persons for election to the Board may be made at a special meeting of Stockholders at which Directors are properly to be elected only (1) by or at the direction of the Board or (2) by any Stockholder who (A) was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf any nomination is made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving of notice provided for in this Section 2.10 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) complied with this paragraph (b) and paragraph (a) (3) of this Section 2.10 as to such nominations. Without qualification, in order for a Stockholder to present any nominations of persons for election to the Board at such a special meeting, pursuant to clause (2) of this paragraph (b), the Stockholder must (x) have given timely notice thereof in writing and in proper form to the Secretary of the Corporation (which notice shall include disclosure of the information that is required by the applicable provisions of paragraph (a)(3) of this Section 2.10) and (y) provide any updates or supplements to such notice at the times and in the forms required by paragraph (a)(4) of this Section 2.10. To be timely, a Stockholder's notice shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth day prior to the date of such special meeting and not later than the close of business on the later of (x) the ninetieth day prior to the date of such special meeting and (y) the tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by the Board to be elected at such special meeting. In no event shall any adjournment of a special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a Stockholder's notice as described above.

(c) General.

(1) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors as may be provided in a designation of rights relating to such series of Preferred Stock, including the holders of the Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock pursuant to Article Fourth, Parts II and III of the Restated Certificate, only persons who are nominated in accordance with this Section 2.10 shall be eligible to serve as Directors and only such business as shall have been brought before the meeting in accordance with this Section 2.10 shall be conducted at a meeting of Stockholders. Nominations for Union Directors shall be made only by the holders of the Class Pilot MEC Junior Preferred Stock and the Class IAM Junior Preferred Stock, and then only in accordance with the procedures and qualification requirements of the Restated Certificate and any stockholder agreements applicable to

such nomination process. Except as otherwise provided by law, the Restated Certificate or these Restated Bylaws, the chairman of the meeting shall have the power and duty to determine whether such nomination or business was made in compliance with this Section 2.10 and, if such proposed nomination or business is deemed not to have been properly made, to declare that such nomination or proposal has not been properly brought before the meeting and shall be disregarded and declared to be out of order.

(2) For purposes of this Section 2.10, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.10, a Stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Section 2.10. This Section 2.10 is expressly intended to apply to any business proposed to be brought before a meeting of Stockholders other than any proposal made pursuant to Rule 14a-8 under the Exchange Act. Nothing in this Section 2.10 shall be deemed to affect any rights of Stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a- 8 under the Exchange Act.

2.11 *List of Stockholders.* It shall be the duty of the Secretary or other officer who has charge of the stock ledger to prepare and make, at least ten (10) days before each annual or special meeting of the Stockholders, a complete list of the Stockholders entitled to vote at such meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in such Stockholder’s name. Such list shall be produced and kept available at the times and places required by law. The stock ledger shall be the only evidence as to which Stockholders are the Stockholders entitled to examine the stock ledger or the list required by this Section 2.11, or to vote in person or by proxy at such meeting of the Stockholders.

2.12 *Remote Communication.* For the purposes of these Restated Bylaws, if authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, Stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of Stockholders; and

(b) be deemed present in person and vote at a meeting of Stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a Stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such Stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any Stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE 3

Board Of Directors

3.1 *Number and Term of Office.* The number and term of office of Directors on the Board shall be determined as provided in the Restated Certificate.

3.2 *Powers.* The Board may, except as otherwise provided in the Restated Certificate or the DGCL, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

3.3 *Election.* Except as otherwise required by applicable law or the Restated Certificate, and notwithstanding Section 2.6(b) hereof, Directors shall be elected by a plurality of the votes cast at a meeting of Stockholders by the holders of shares entitled to vote on their election.

3.4 *Place of Meetings.* Meetings of the Board may be held either within or without the State of Delaware at such place as is indicated in the notice or waiver of notice thereof. It is intended that a majority of the in-person Board meetings in each calendar year shall be held in the Greater Chicago Metropolitan Area.

3.5 *Organization Meeting.* The Board shall meet as soon as practicable after each annual meeting of Stockholders at the place of such annual meeting for the purpose of organization and the transaction of other business. No notice of such meeting of the Board shall be required. Such organization meeting may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board, or in a consent and waiver of notice thereof, signed by all of the Directors.

3.6 *Stated Meetings.* The Board shall from time to time, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, appoint the time and place for holding stated meetings of the Board; and such meetings shall thereupon be held at the time and place so appointed, without the giving of any special notice with regard thereto. Any and all business may be transacted at any stated meeting.

3.7 *Special Meetings.* Special meetings of the Board shall be held whenever called by the Secretary ~~of the Board~~, at the direction of any three Directors, or by the Chairman, or, in the event that the office of the Chairman is vacant, by the Chief Executive Officer, or in the event that the offices of the Chairman and Chief Executive Officer are vacant, by the President. Notice of a special meeting shall set forth a description of such meeting and be sent to the Directors as provided in Section 3.8.

3.8 *Notices of Board Meetings.* Notice of any meeting shall be sent to each Director at his or her residence or usual place of business either (a) by reputable overnight delivery service in circumstances to which such service guarantees next day delivery, not later than on the day that is the second business day immediately preceding the day of such meeting, or (b) by

facsimile, telex, telegram or electronic mail, not later than twenty-four (24) hours before the time of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of the Board need not however be given to any Director, if waived by him or her in writing or if, subject to applicable law, he or she shall be present at the meeting. Any meeting of the Board shall be a legal meeting without any notice thereof having been given if all of the Directors shall be present thereat, except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

3.9 *Quorum and Manner of Acting.* Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the presence at any organization, stated or special meeting of Directors having at least a majority of the votes entitled to be cast by the Entire Board shall constitute a quorum for the transaction of business; and, except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the affirmative vote of a majority of the votes entitled to be cast by the Directors present at any meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum, the affirmative vote of a majority of the votes entitled to be cast by the Directors present may adjourn any meeting, from time to time, until a quorum is present.

3.10 *Telephone Meetings.* Directors or members of any committee of the Board may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

3.11 *Chairman of the Board Pro Tempore.* In the absence of both the Chairman and the Chief Executive Officer at any meeting of the Board, the Board may appoint from among its members a Chairman of the Board pro tempore, who shall preside at such meeting, except where otherwise provided by law.

3.12 *Resignation.* Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Any such resignation shall take effect at the time received by the Corporation, unless the resignation specifies a later effective date or an effective date determined upon the happening of one or more events.

3.13 *Removal of Directors.* Any Director or the entire Board may be removed with or without cause as provided under the DGCL.

3.14 *Vacancies and Newly Created Directorships.* Except as otherwise provided in the Restated Certificate, vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, even if less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next election of Directors and until their successors are duly elected and qualified or until earlier resignation or removal. If there are no Directors in office, then an election of Directors may be held in the manner provided by statute.

3.15 *Directors' Fees.* The Board shall have authority to determine, from time to time, the amount of compensation that shall be paid to its members for attendance at meetings of the Board or of any committee of the Board, which compensation may be payable currently or deferred.

3.16 *Action Without Meeting.* Any action required or permitted to be taken at any meeting of the Board or any committee of the Board may be taken without a meeting if all of the members of the Board or of any such committee, as the case may be, consent thereto in writing, by electronic transmission or transmissions, or as otherwise permitted by law and, if required by law, the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE 4

Board Committees

4.1 *Designation.*

(a) Except as otherwise provided in the Restated Certificate, the Board may, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, designate one or more committees of the Board, each such committee to consist of one or more Directors, ~~and at the Effective Time there shall be the following six committees: an Audit Committee, an Executive Committee, a Finance Committee, a Compensation Committee, a Nominating/Governance Committee and a Public Responsibility Committee.~~ Except as otherwise provided in the Restated Certificate, unless sooner discharged by the affirmative vote of a majority of the votes entitled to be cast by the Entire Board, members of each committee of the Board shall hold office until the organization meeting of the Board in the next subsequent year and until their respective successors are appointed.

(b) So far as practicable, members of each committee of the Board shall be appointed annually at the organization meeting of the Board. The Board may designate one or more Directors as alternate members of any committee of the Board, who may replace any absent or disqualified member at any meeting of such committee. The Nominating/Governance Committee of the Board shall have the power to recommend to the Board a chairman of each committee of the Board by the affirmative vote of a majority of the votes entitled to be cast by all of the members of the Nominating/Governance Committee. The Board shall have the power to appoint one of its members to act as chairman of each committee of the Board.

(c) Notwithstanding the foregoing, except as required by law or otherwise provided in these Restated Bylaws, no committee of the Board will have the authority to (i) issue dividends, distributions or securities, except for issuances of cash or securities pursuant to employee benefit plans; (ii) to approve a Fundamental Change or Change in Ownership, except as may be required in the exercise of fiduciary duties; (iii) to take any action that would require the approval of the Stockholders pursuant to the DGCL; (iv) elect any officer designated as such in Section 5.1 or to fill any vacancy in any such office; (v) designate the Chief Executive Officer

or the Chairman of the Board; (vi) fill any vacancy in the Board or any newly created Directorship; (vii) amend these Restated Bylaws; (viii) take any action that under these Restated Bylaws is required to be taken by vote of a specified proportion of the Entire Board or of the Directors at the time in office; or (ix) take any action, the power or authority for which is reserved for the Entire Board pursuant to Section 141(c)(2) of the DGCL, except as otherwise set forth in such Section 141(c)(2).

4.2 Meetings.

(a) Stated meetings of any committee of the Board shall be held at such times and at such places as shall be fixed, from time to time, by resolution adopted by the Board or by the affirmative vote of a majority of the votes entitled to be cast by the members of such committee of the Board and upon notification pursuant to Section 4.3 to all the members of such committee. Any and all business may be transacted at any stated meeting of any committee of the Board.

(b) Special meetings of any committee of the Board may be called at any time by the chairman of such committee or by any two members of such committee. Notice of a special meeting of any committee of the Board shall set forth a description of the business to be transacted at such meeting and be sent to the members of such committee of the Board as provided in Section 4.3.

4.3 *Notice of Board Committee Meetings.* Notice of any meeting of any committee of the Board shall be sent to each member of such committee at his or her residence or usual place of business either (a) by reputable overnight delivery service in circumstances to which such service guarantees next day delivery, not later than on the day that is the second business day immediately preceding the day of such meeting, or (b) by facsimile, telex, telegram or electronic mail, not later than twenty-four (24) hours before the time of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of a committee of the Board need not however be given to any member of such committee, if waived by him or her in writing or if, subject to applicable law, he or she shall be present at the meeting. Any meeting of a committee of the Board shall be a legal meeting without any notice thereof having been given if all of the members shall be present thereat except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.4 *Place of Meetings.* Meetings of any committee of the Board may be held either within or without the State of Delaware.

4.5 Quorum and Voting Requirements of Board Committees.

(a) The presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on a committee of the Board shall constitute a quorum for the transaction of business, and any act of a committee of the Board shall require the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of such committee at which a quorum is present.

(b) The members of any committee of the Board shall act only as a committee of the Board, and the individual members of the Board shall have no power as such.

4.6 *Records.* Each committee of the Board shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board. The Secretary, or, in his or her absence, an Assistant Secretary, shall act as secretary to each committee of the Board, or a committee of the Board may, in its discretion, appoint its own secretary.

4.7 *Vacancies.* Except as otherwise provided in the Restated Certificate, any vacancy in any committee of the Board shall be filled by a majority of the Directors then in office.

4.8 *Committee Procedure.* The Board by resolution or resolutions shall establish the rules of procedure to be followed by each committee, which shall include a requirement that such committee keep regular minutes of its proceedings and deliver to the Secretary the same.

4.9 *Executive Committee.*

(a) In addition to any requirements set forth in the Restated Certificate or these Restated Bylaws, an Executive Committee shall be appointed, to consist of the Chairman, the Chief Executive Officer and three or more other Directors; *provided, however,* that at least a majority of the Executive Committee shall consist of Directors who are neither officers nor employees of the Corporation or of any of its affiliated corporations.

(b) Subject to the provisions of the DGCL and these Restated Bylaws, the Executive Committee shall have and may exercise all the powers of the Board in the management of the business and affairs of the Corporation, including, without limitation, the power to authorize the seal of the Corporation to be affixed to all papers that may require it, but excluding any powers granted by the Board to any other committee of the Board.

(c) Subject to any provision in the Restated Certificate or the DGCL, any action herein authorized to be taken by the Executive Committee and which is duly taken by it in accordance herewith shall have the same effect as if such action were taken by the Board.

ARTICLE 5

Officers, Employees and Agents: Powers And Duties

5.1 *Officers.* The officers of the Corporation, who shall be elected by the Board, may be a Chairman of the Board (who shall be a Director), a Treasurer and one or more Assistant Treasurers, and shall be a Chief Executive Officer, a President, one or more Vice Chairmen, one or more Vice Presidents (who may be further classified by such descriptions as “executive,” “senior,” “assistant,” “staff” or otherwise, as the Board shall determine), a General Counsel, a Secretary and one or more Assistant Secretaries. The Board may also elect, and may delegate power to appoint, such other officers and select such other employees or agents as, from time to time, may appear to be necessary or advisable in the conduct of the affairs of the Corporation. Any officer may also be elected to another office or offices.

5.2 *Term of Office.* Subject to the provisions of the Restated Certificate or these Restated Bylaws, so far as practicable, each officer shall be elected at the organization meeting of the Board in each year, and shall hold office until the organization meeting of the Board in the next subsequent year and until his or her successor is chosen or until his or her earlier death, resignation or removal in the manner hereinafter provided.

5.3 *Resignation and Removal of Officers.* Any officer may resign at any time upon written notice to the Corporation. ~~Subject to the provisions of Section 5.15, a~~ Any officer may be removed at any time, either for or without cause, by the affirmative vote of at least a majority of the votes entitled to be cast by the Entire Board, at any meeting called for that purpose. The Board may delegate such power of removal as to officers, agents and employees not appointed by the Board. Such removal shall be without prejudice to a person's contract rights, if any, but the appointment of any person as an officer, agent or employee of the Corporation shall not of itself create contract rights.

5.4 *Vacancies.* If any vacancy occurs in any office, the Board may elect a successor to fill such vacancy for the remainder of the term.

5.5 *Chairman of the Board.*

(a) The Board may elect a Director as Chairman of the Board.

(b) The Chairman shall determine the agenda for Board meetings, in consultation with the lead independent director of the Board, if applicable, and shall preside at all meetings of the Board at which he or she may be present. The Chairman shall have such other powers and duties as he or she may be called upon by the Board to perform.

~~(c) Notwithstanding the foregoing, Glenn F. Tilton shall serve as the Chairman of the Board until the earlier of (i) December 31, 2012, or the date that is two years after the Effective Time, whichever is later, and (ii) that date on which Mr. Tilton resigns, is removed pursuant to these Restated Bylaws or dies (the earlier of (i) and (ii), the "Chairman Succession Date"), at which time the Board shall take all actions necessary to cause Jeffery A. Smisek to become, and Mr. Smisek shall become, the Chairman of the Board, unless (x) the Nominating/Governance Committee, acting by a vote of a majority of the Entire Committee, recommends to the Board that such actions not be taken by the Board and (y) the Board, acting by a vote of a majority of the Entire Board, accepts such recommendation.~~

5.6 *Chief Executive Officer.* The Chief Executive Officer shall have general and active control of the business and affairs of the Corporation and, in the absence of the Chairman (or if there be none), he or she shall preside at all meetings of the Board. He or she shall have general power (a) to execute bonds, deeds and contracts in the name of the Corporation, (b) to affix the corporate seal, (c) to sign stock certificates, (d) subject to the provisions of the Restated Certificate, these Restated Bylaws and the approval of the Board, to select all employees and agents of the Corporation whose selection is not otherwise provided for and to fix the compensation thereof, (e) to remove or suspend any employee or agent who shall not have been selected by the Board, (f) to suspend for cause, pending final action by the Board any employee or agent who shall have been selected by the Board and (g) to exercise all the powers usually and customarily performed by the chief executive officer of a corporation. ~~Notwithstanding the foregoing, Mr. Smisek shall be the Chief Executive Officer of the Corporation as of the Effective Time.~~

5.7 *President*. The President, if not designated as Chief Executive Officer of the Corporation, shall perform such duties as are delegated by the Board, the Chairman or the Chief Executive Officer. In the event of an absence, disability or vacancy in the office of the Chief Executive Officer, the President shall act in the place of the Chief Executive Officer with authority to exercise all his or her powers and perform his or her duties.

5.8 *Vice Chairmen*. The Board may elect one or more officers designated as the Vice Chairman, but the appointment of one or more Vice Chairmen shall not be required. If one or more Vice Chairmen shall be elected, then each Vice Chairman shall have such powers and perform all such duties and services as may be assigned to or required of them, from time to time, by the Board, the Chairman or the Chief Executive Officer, respectively. In the event of the absence or disability of both the Chairman and the Chief Executive Officer, the President may designate one of the Vice Chairmen, or one of the several Vice Presidents, to act in his or her place with authority to exercise all of his or her powers and perform his or her duties, provided that the Board may change such designation, or if the President fails or is unable to make such designation, the Board may make such designation at a regular or special meeting called for that purpose.

5.9 *Vice Presidents and Other Officers*. The several Vice Presidents and other elected officers, including, without limitation, the General Counsel, shall perform all such duties and services as shall be assigned to or required of them, from time to time, by the Board, or the Chief Executive Officer, respectively. In the event of the absence or disability of both the Chairman and the Chief Executive Officer, the President may designate one of the Vice Chairmen, or one of the several Vice Presidents, to act in his or her place with authority to exercise all of his or her powers and perform his or her duties, provided that the Board may change such designation, or if the President fails or is unable to make such designation, the Board may make such designation at a regular or special meeting called for that purpose.

5.10 *Secretary*. The Secretary shall attend to the giving of notice of all meetings of Stockholders and the Board and shall keep and attest true records of all proceedings thereat. He or she shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He or she shall keep and account for all books, documents, papers and records of the Corporation, except those which are directed to be in charge of the Treasurer, and he or she may delegate responsibility for maintaining the stock ledger to any transfer agent or registrar appointed by the Board. He or she shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his or her duties.

5.11 *Treasurer*. The Treasurer, if any, shall be responsible for the collection, receipt, care, custody and disbursement of the funds of the Corporation and shall deposit or cause to be deposited all funds of the Corporation in and with such depositories as the Board shall, from time to time, direct. He or she shall have the care and custody of all securities owned by the Corporation, and shall deposit such securities with such banks or in such safe deposit vaults, and under such controls, as the Board shall, from time to time, direct. He or she shall disburse funds of the Corporation on the basis of vouchers properly approved for payment by the controller of the Corporation or his or her duly authorized representative. He or she shall be responsible for the maintenance of detailed records of cash and security transactions and shall prepare such reports thereof as may be required. He or she shall have the power to sign stock certificates and

to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation and to give proper receipts or discharges therefor. He or she shall have such other duties as are commonly incidental to the office of treasurer of a corporation. In the absence of the Treasurer, an Assistant Treasurer shall perform his or her duties.

5.12 *Additional Powers and Duties.* In addition to the foregoing especially enumerated duties and powers, the officers of the Corporation shall perform such other duties and exercise such further powers as may be provided in these Restated Bylaws or as the Board may, from time to time, determine or as may be assigned to them by any competent superior officer.

5.13 *Compensation.* Except as otherwise provided in the Restated Certificate, the compensation of all officers of the Corporation shall be fixed, from time to time, by the Board or the Compensation Committee, but this power may be delegated to any officer by the Board or the Compensation Committee in accordance with applicable law.

5.14 *Prohibition on Loans to Directors and Executive Officers.* The Corporation shall not directly or indirectly extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any member of the Board or executive officer of the Corporation, as such terms are used in Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder.

~~5.15 *Required Board Vote for Removal or Diminution of Duties of Chairman or Chief Executive Officer.* Notwithstanding any provision in these Restated Bylaws to the contrary, at any time prior to the Chairman Succession Date, the Board may not take any of the following actions, unless (x) the Nominating/Governance Committee, acting by a vote of a majority of the Entire Committee, recommends to the Board that such actions be taken by the Board and (y) the Board, acting by a vote of a majority of the Entire Board, accepts such recommendation: (a) the removal of Mr. Tilton from the position of Chairman, (b) the removal of Mr. Smisek from the position of Chief Executive Officer or (c) any material modification of the powers, duties or responsibilities of the Chairman or the Chief Executive Officer under these Restated Bylaws as of the Effective Time.~~

~~5.16 *Headquarters.* The Corporation shall maintain its corporate headquarters and related corporate functions in the United Building Chicago, Illinois and maintain its airline operations headquarters in the Willis Tower in Chicago, Illinois. In addition, the Corporation shall maintain a significant presence in Houston, Texas.~~

ARTICLE 6

Stock And Transfers Of Stock

6.1 *Stock Certificates.* The Common Stock shall be uncertificated. The shares of the Corporation other than the Common Stock shall be represented by certificates or shall be uncertificated. The Board shall have the power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of uncertificated shares or certificates for shares of stock of the Corporation. Each certificate shall be signed by the Chairman or the President or a Vice Chairman or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of certificated shares owned by such Stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, Transfer Agent or Registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, Transfer Agent or Registrar at the date of issuance.

6.2 *Transfer Agents and Registrars.* The Board may, in its discretion, appoint responsible banks or trust companies as the Board may deem advisable, from time to time, to act as Transfer Agents and Registrars of the stock of the Corporation; and, when such appointments shall have been made, no stock certificate shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars.

6.3 *Transfers of Stock.* Transfers of shares of stock of the Corporation shall be made on the stock ledger of the Corporation only upon authorization by the record holder thereof or by such holder's attorney, successor or assignee thereunto authorized by power of attorney (or other proper evidence of succession, assignment or authority to transfer) duly executed and filed with the Corporation's Transfer Agent or Registrar. Except as otherwise provided in the Restated Certificate, and subject to any other transfer restriction applicable thereto, shares of certificated stock may be transferred by delivery of the certificates therefor, accompanied either by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign and transfer the same with reasonable assurances given that such endorsement is genuine and that all applicable taxes thereon have been paid, signed by the record holder thereof; but no transfer shall affect the right of the Corporation to pay any dividend upon the stock to the holder of record thereof, or to treat the holder of record as the holder in fact thereof for all purposes, and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Corporation. No transfer of stock in violation of the provisions of Article Fourth, Part III, Section 1 or Article Fourth, Part IV, Section 1 of the Restated Certificate shall be valid as against the Corporation for any purpose.

6.4 *Lost Certificates.* In case any certificate of stock shall be lost, stolen or destroyed, the Board, in its discretion, may authorize the issuance of a substitute certificate in place of the certificate lost, stolen or destroyed and may cause such substitute certificate to be countersigned by the appropriate Transfer Agent (if any) and registered by the appropriate Registrar (if any), *provided* that, in each such case, the applicant for a substitute certificate shall furnish to the Corporation and to such of its Transfer Agents and Registrars as may require the same, evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by them.

6.5 *Record Date.*

(a) In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or, subject to applicable law, to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board is authorized, from time to time, to fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such Stockholder meeting, nor more than sixty (60) days prior to any other action.

(b) A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

(c) Only Stockholders that are Stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, a meeting of Stockholders and any adjournment thereof or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for any other purpose, as applicable, notwithstanding any transfer of any stock on the stock ledger of the Corporation after any record date so fixed.

ARTICLE 7

Miscellaneous

7.1 *Fiscal Year*. The fiscal year of the Corporation shall be the calendar year.

7.2 *Surety Bonds*. The Treasurer, each Assistant Treasurer and such other officers or agents of the Corporation as the Board may direct, from time to time, shall be bonded for the faithful performance of their duties in such amounts and by such surety companies as the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Chief Executive Officer or the chief financial officer.

7.3 *Signature of Negotiable Instruments*. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer or officers and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board.

7.4 *Subject to Law and Restated Certificate*. All powers, duties and responsibilities provided for in these Restated Bylaws, whether or not explicitly so qualified, are qualified by the provisions of the Restated Certificate and all applicable laws.

7.5 *Voting of Stocks*. Unless otherwise ordered by the Board of Directors, the Chairman of the Board, President and General Counsel shall each have full power and authority, in the name of and on behalf of the Corporation, to attend, act and vote at any meeting of stockholders of a corporation in which the Corporation may hold stock, and, in connection with any such meeting, shall possess and may exercise with any and all rights and powers incident to the ownership of such stock which, as the owner thereof, the Corporation might possess and exercise. The Board of Directors from time to time may confer like powers upon any other person or persons.

7.6 *Dividends*. Dividends upon the capital stock may be declared by the Board at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the Directors may set apart out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may later or abolish any such reserve or reserves.

7.7 *Corporate Seal*. The seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board, the name of the Corporation and the words "Corporate Seal" and "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE 8

Amendments

8.1 *Amendment of these Restated Bylaws*. Except as herein otherwise expressly provided, these Restated Bylaws may be altered or repealed and new bylaws, not inconsistent with any provision of the Restated Certificate or applicable law, may be adopted, either (a) by the affirmative vote of at least a majority of the Directors voting at a meeting of the Board at which a quorum is present or (b) by the affirmative vote of the holders of at least a majority in voting power of the stock entitled to vote thereon, at an annual meeting of Stockholders, or at a special meeting thereof, the notice of which meeting shall include the form of the proposed amendment or supplement to or modification of these Restated Bylaws or of the proposed new bylaws, or a summary thereof; ~~provided, however, that the Board may not take any of the following actions, unless (x) the Nominating/Governance Committee, acting by a vote of a majority of the Entire Committee, recommends to the Board that such actions be taken by the Board and (y) the Board, acting by a vote of a majority of the Entire Board, accepts such recommendation: any repeal of, amendment to, or adoption of any provision inconsistent with Section 5.5(c), Section 5.15, the last sentence of Section 5.6 or this proviso.~~

ARTICLE 9

Restated Certificate to Govern

9.1 *Restated Certificate to Govern*. Notwithstanding anything to the contrary herein, if any provision contained herein is inconsistent with or conflicts with a provision of the Restated Certificate, such provision herein shall be superseded by the inconsistent provision in the Restated Certificate, to the extent necessary to give effect to such provision in the Restated Certificate.

AMENDED AND RESTATED INDENTURE

Dated as of January 11, 2013,

among

UNITED CONTINENTAL HOLDINGS, INC.,

as Issuer,

UNITED AIR LINES, INC.,

as Guarantor,

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

Table Showing Reflection in Indenture of Certain Provisions
of Trust Indenture Act of 1939,
as amended by the Trust Indenture Reform Act of 1990*

Reflected in Indenture

Trust Indenture Act Section	Indenture Section
310 (a) (1)	7.10
(a) (2)	7.10
(a) (3)	N.A.
(a) (4)	N.A.
(a) (5)	7.10
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.06
(b)	11.03
(c)	11.03
313 (a)	7.06
(b) (1)	N.A.
(b) (2)	7.06
(c)	7.06; 11.02
(d)	7.06
314 (a)	4.02 (a); 4.03; 11.02
(b)	N.A.
(c) (1)	11.04
(c) (2)	11.04
(c) (3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315 (a)	7.01
(b)	7.05; 11.02
(c)	7.01
(d)	7.01
(e)	6.11
316 (a) (1)(A)	6.05
(a) (1)(B)	6.04
(a) (2)	N.A.
(b)	6.07
(c)	9.04
317 (a)(1)	6.08

(a) (2)	6.09
(b)	2.05
318 (a)	11.01
(b)	N.A.
(c)	11.01

N.A. means not applicable.

* This Cross Reference Table is not part of the Indenture.

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EXHIBIT C—Form of Series C Securities

EXHIBIT D—Form of Guarantee

AMENDED AND RESTATED INDENTURE dated as of January 11, 2013, among UNITED CONTINENTAL HOLDINGS, INC. (formerly known as UAL Corporation), a Delaware corporation (the “Issuer”), UNITED AIR LINES, INC., a Delaware corporation (the “Guarantor”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the “Trustee”).

The Issuer, the Guarantor and the Trustee are parties to the Indenture, dated as of February 1, 2006 (the “Original Indenture”) under which the Issuer issued and the Guarantor guaranteed \$652,383,000 aggregate principal amount of 6% Senior Notes due 2031, which amount includes \$152,383,000 in aggregate principal amount of such 6% Notes that were issued to pay interest on such 6% Notes pursuant to Section 9.1 of the Original Indenture (all of such 6% Notes are hereinafter called the “6% Notes”), and \$125,000,000 aggregate principal amount of 8% Contingent Senior Notes (the “8% Notes” and, together with the 6% Notes, the “Existing Notes”), which principal amount of Existing Notes is currently outstanding. The Issuer, the Guarantor and the Trustee, with the consent of the registered owner of all of the outstanding Existing Notes given at the direction of the Pension Benefit Guaranty Corporation (the “PBGC”), the beneficial owner of all of the outstanding Existing Notes, wish to amend and restate the Original Indenture to read in its entirety as follows (and to amend and restate the Existing Notes as provided below):

ARTICLE I

Definitions And Incorporation By Reference

SECTION 1.01. Definitions.

“6% Notes” has the meaning provided in the second paragraph of this Indenture.

“6.750% Maturity Date” means September 15, 2015, the stated maturity of Continental’s 6.750% Senior Secured Notes due 2015.

“8% Notes” has the meaning provided in the second paragraph of this Indenture.

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock or preferred stock of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into such specified Person, or became a Subsidiary of such specified Person, to the extent such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Affiliate” shall mean, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person (a “Controlled Person”) shall be deemed to be “controlled by” another Person (a “Controlling Person”) if the Controlling Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of the Controlled Person whether by contract or otherwise; *provided* that the PBGC shall not be an Affiliate of either the Issuer or the Guarantor.

“Agent” means any Registrar, Paying Agent or Securities Custodian.

“Airline/Parent Merger” means the merger or consolidation, if any, of one or both of Continental or the Guarantor and the Issuer.

“Airlines Merger” means the merger or consolidation of Continental and the Guarantor.

“Asset Sale” means a Disposition of assets by a Person or the issuance or sale of Equity Interests (other than directors’ qualifying shares and shares issued to foreign nationals or other third parties to the extent required by applicable law) of any of such Person’s Restricted Subsidiaries, including any sale for cash.

“Banking Product Obligations” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of any treasury, depository and cash management services, netting services and automated clearing house transfers of funds services, including obligations for the payment of fees, interest, charges, expenses, attorneys’ fees and disbursements in connection therewith.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means the board of directors of the Issuer or any committee thereof duly authorized to act on behalf of the board of directors of the Issuer.

“Business Day” means each day which is not a Legal Holiday.

“Capital Lease Obligation” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet prepared in accordance with GAAP, and the Scheduled Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
 - (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
 - (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
 - (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,
- but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Cash Equivalents” means:

- (1) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;
- (2) direct obligations of state and local government entities, in each case maturing within one year from the date of acquisition thereof, which have a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody’s;
- (3) obligations of domestic or foreign companies and their subsidiaries (including, without limitation, agencies, sponsored enterprises or instrumentalities chartered by an Act of Congress, which are not backed by the full faith and credit of the United States), including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities, in each case maturing within one year from the date of acquisition thereof;
- (4) Investments in commercial paper maturing within 365 days from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 (or the equivalent thereof) from S&P or P-2 (or the equivalent thereof) from Moody’s;
- (5) Investments in certificates of deposit (including Investments made through an intermediary, such as the certificated deposit account registry service), banker’s acceptances, time deposits, eurodollar time deposits and overnight bank deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any other commercial bank of recognized standing organized under the laws of the United States or any State thereof that has a combined capital and surplus and undivided profits of not less than \$250.0 million;

(6) fully collateralized repurchase agreements with a term of not more than six months for underlying securities that would otherwise be eligible for investment;

(7) Investments in money in an investment company registered under the Investment Company Act of 1940, as amended, or in pooled accounts or funds offered through mutual funds, investment advisors, banks and brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above. This could include, but not be limited to, money market funds or short-term and intermediate bonds funds;

(8) money market funds that (A) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (B) are rated AAA (or the equivalent thereof) by S&P and Aaa (or the equivalent thereof) by Moody's and (C) have portfolio assets of at least \$5.0 billion;

(9) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of \$100.0 million;

(10) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; and

(11) any other securities or pools of securities that are classified under GAAP as cash equivalents or short-term investments on a balance sheet.

"Change of Control" means the occurrence of any of the following:

(1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act));

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer (measured by voting power rather than number of shares), other than (A) any such transaction where the Voting Stock of the Issuer (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting

power rather than number of shares) or (B) any merger or consolidation of the Issuer with or into any Person (including any “person” (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a “Permitted Person”) or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any “person” (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares); or

(3) during any period of up to 24 consecutive months, a majority of the Board of Directors (excluding vacant seats) of the Issuer shall cease to consist of Continuing Directors.

“Closing Date” means the date of this Indenture.

“Co-Branded Agreement” means that certain Consolidated Amended and Restated Co-Branded Card Marketing Services Agreement, dated as of June 9, 2011 among the Issuer, the Guarantor, Mileage Plus Holdings, LLC, Continental and Chase Bank USA, N.A., as may be further amended, amended and restated, modified, supplemented, replaced or extended from time to time.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consolidated EBITDAR” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with any Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(3) the Fixed Charges of such Person and its Restricted Subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; plus

- (6) extraordinary, nonrecurring or unusual losses (including charges with respect to the grounding or retirement of aircraft) for such period to the extent that such losses were deducted in computing such Consolidated Net Income; plus
- (7) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus
- (8) deductions for grants to any employee of the Issuer or its Restricted Subsidiaries of any Equity Interests during such period to the extent deducted in computing such Consolidated Net Income; plus
- (9) any net loss arising from the sale, exchange or other disposition of capital assets by the Issuer or its Restricted Subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus
- (10) any losses arising under fuel hedging arrangements entered into prior to the Closing Date and any losses actually realized under fuel hedging arrangements entered into after the Closing Date, in each case to the extent deducted in computing such Consolidated Net Income; plus
- (11) cash restructuring charges in an aggregate amount not to exceed \$15.0 million in any fiscal year to the extent such charges were deducted in computing such Consolidated Net Income; plus
- (12) all cost-savings, integration costs, transactional costs, expenses and charges incurred in connection with the consummation of any transaction related to any permitted acquisition, merger, disposition, issuance of Indebtedness, issuance of Equity Interests, or any Investment (including but not limited to any one or more of the Continental/UAL Merger, the Airlines Merger and the Airline/Parent Merger), in each case, to the extent (a) permitted under this Indenture and (b) deducted in computing such Consolidated Net Income; plus
- (13) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus
- (14) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger, disposition, incurrence of Indebtedness, issuance of Equity Interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus

(15) proceeds from sales of miles to third party business partners during such period to the extent not already included in computing such Consolidated Net Income; plus

(16) costs and expenses, including fees, incurred directly in connection with the consummation of the amendment and restatement of the Original Indenture to the extent deducted in computing such Consolidated Net Income; minus

(17) non-cash items, other than the accrual of revenue in the ordinary course of business, to the extent such amount increased such Consolidated Net Income; minus

(18) the sum of (A) income tax credits, (B) interest income and (C) extraordinary, non-recurring or unusual gains included in computing such Consolidated Net Income; minus

(19) any amount included in the calculation of Consolidated EBITDAR in a prior period under clause (15) of this definition to the extent that such amount is recognized as revenue in computing Consolidated Net Income for such current period, in each case, determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; *provided* that:

(1) all net after tax extraordinary, non-recurring or unusual gains or losses and all gains or losses realized in connection with any Asset Sale with respect to such Person or the disposition of securities by such Person or the early extinguishment of Indebtedness of such Person, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not the specified Person or a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or Restricted Subsidiary of the specified Person;

(3) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the cumulative effect of a change in accounting principles on such Person will be excluded;

(5) the effect of non-cash gains and losses of such Person resulting from Hedging Obligations, including attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;

(6) any non-cash compensation expense recorded from grants by such Person of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;

(7) the effect on such Person of any non-cash items resulting from any amortization, write-up, write-down or write-off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction or any other non-cash impairment charges incurred subsequent to the Closing Date resulting from the application of SFAS Nos. 141, 142 or 144 (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded; and

(8) any provision for income tax reflected on such Person's financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by such Person and its consolidated Subsidiaries.

"Continental" means Continental Airlines, Inc., a Delaware corporation.

"Continental/UAL Merger" means the merger in which Continental became a Subsidiary of the Issuer.

"Continuing Directors" means, as of any date or for any period of determination, any member of the Board of Directors of the Issuer who:

(1) was a member of such Board of Directors on the first day of such period; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"Corporate Trust Office" means the office of the Trustee at which, at any particular time, its corporate trust business with respect to this Indenture shall be principally administered, which office on the date of execution of this Indenture is located at the address of the Trustee set forth in Section 11.02.

“Credit Facilities” means, one or more debt facilities, commercial paper facilities, reimbursement agreements or other agreements providing for the extension of credit, whether secured or unsecured, in each case, with banks, insurance companies, financial institutions or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit, surety bonds or insurance products, in each case, as amended, restated, modified, renewed, extended, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Depository” means, with respect to the Securities issuable in whole or in part in global form, the Person specified in Section 2.14 hereof as the initial Depository with respect to the Securities, until a successor shall have been appointed and becomes such pursuant to the applicable provisions of this Indenture, and thereafter “Depository” shall mean or include such successor.

“Disposition” means, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale), is convertible or exchangeable for Indebtedness or Disqualified Stock, or is redeemable at the option of the holder of the Capital Stock, in whole or in part (other than as a result of a change of control or asset sale), on or prior to the date that is 91 days after the 6.750% Maturity Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4A.01 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Issuer and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“Dollar” means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debt.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Contributions” means net cash proceeds received by the Issuer after the Closing Date from:

- (1) contributions to its common equity capital (other than from any Subsidiary); or
- (2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer or any Subsidiary) of Qualifying Equity Interests,

in each case designated as Excluded Contributions pursuant to an Issuer Certificate executed on or around the date such capital contributions are made or the date such Equity Interests are sold, as the case may be. Excluded Contributions will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(3)(B) of Section 4A.01 hereof.

“Excluded Subsidiary” means each Subsidiary of the Issuer that is a captive insurance company.

“Existing Indebtedness” means all Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness incurred under clauses (1) or (3) of the definition of “Permitted Debt”) in existence on the Closing Date, until such amounts are repaid.

“Existing Notes” has the meaning provided in the second paragraph of this Indenture.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by an Officer of the Issuer; *provided* that any such Officer shall be permitted to consider the circumstances existing at such time (including, without limitation, economic or other conditions affecting the United States airline industry generally and any relevant legal compulsion, judicial proceeding or administrative order or the possibility thereof) in determining such Fair Market Value in connection with such transaction.

“Fixed Charge Coverage Ratio” means, with respect to any specified Person for any specified period, the ratio of the Consolidated EBITDAR of such Person for such period to the Fixed Charges of such Person for such period. If the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible financial or accounting Officer of the Issuer and certified in an Officers’ Certificate delivered to the Trustee) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Issuer and certified in an Officers' Certificate delivered to the Trustee, and including any operating expense reductions for such period resulting from such acquisition that have been realized or for which all of the material steps necessary for realization have been taken) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDAR attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus

(2) the interest component of leases that are capitalized in accordance with GAAP of such Person and its Restricted Subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus

(3) any interest expense actually paid in cash for such period by such specified Person on Indebtedness of another Person that is guaranteed by such specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such specified Person or one of its Restricted Subsidiaries; plus

(4) the product of (A) all cash dividends accrued on any series of preferred stock of such Person or any of its Restricted Subsidiaries for such period, other than to the Issuer or a Restricted Subsidiary of the Issuer, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus

(5) the aircraft rent expense of such Person and its Restricted Subsidiaries for such period to the extent that such aircraft rent expense is payable in cash, all as determined on a consolidated basis in accordance with GAAP.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time. All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

“Global Security” when used with respect to any Series of Securities issued hereunder, means a Security which is executed by the Issuer and authenticated and delivered by the Trustee to the Depository or pursuant to the Depository’s instruction, all in accordance with this Indenture and pursuant to an Issuer Order, which shall be registered in the name of the Depository or its nominee and which shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all the outstanding Securities of such Series or any portion thereof, in either case, having the same terms, including, without limitation, the same original issue date, date or dates on which principal is due, and interest rate or method of determining interest and which shall bear the legend as prescribed by Section 2.14(c).

“Global Securities Legend” means the legend set forth in Section 2.14(c), which is required to be placed on all Global Securities issued under this Indenture.

“Government Securities” means securities (a) which are direct obligations of, or obligations guaranteed by, the United States of America, (b) with respect to which the full faith and credit of the United States of America has been pledged to assure full and timely payment and (c) which are not callable or redeemable at the option of the issuer thereof.

“Guarantee” means a guarantee by the Guarantor of a Series of Securities pursuant to Article X.

“Guarantor” has the meaning provided in the first paragraph of this Indenture.

“Hedging Obligations” means, with respect to any Person, all obligations and liabilities of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

“Holder” means the Person in whose name a Security is registered on the Registrar’s books.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, but excluding in any event trade payables arising in the ordinary course of business; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

For the avoidance of doubt, Banking Product Obligations do not constitute Indebtedness.

“Indenture” means this Indenture as amended or supplemented from time to time, including the terms of any Series of Securities.

“Interest Payment Date” when used with respect to any Series of Securities, means the date specified in the terms of such Securities for the payment of any installment of interest on those Securities.

“Investments” means, with respect to any Person, all direct or indirect investments made from and after the Closing Date by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations), advances (but excluding advance payments and deposits for goods and services in the ordinary course of business) or capital contributions (excluding commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities of other Persons, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Issuer after the Closing Date such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4A.01 hereof. Notwithstanding the foregoing, any Equity Interests retained by the Issuer or any of its Subsidiaries after a disposition or dividend of assets or Capital Stock of any Person in connection with any partial “spin-off” of a Subsidiary or similar transactions shall not be deemed to be an Investment. The acquisition by the Issuer or any Restricted Subsidiary of the Issuer after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4A.01 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“Issuer” has the meaning provided in the first paragraph of this Indenture or, only in the context of provisions hereof, if any, when such reference is required for purposes of compliance with the Trust Indenture Act, any “obligor” within the meaning of the Trust Indenture Act.

“Issuer Certificate” means a certificate executed by an Officer of the Issuer.

“Issuer Order” means a written order signed in the name of the Issuer by two Officers of the Issuer.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and, except in connection with any Qualified Receivables Transaction, any agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

“Maturity”, when used with respect to any Security or installment of principal thereof, means the date on which the principal of such Security or such installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration or otherwise.

“Moody’s” means Moody’s Investors Service, Inc.

“Non-Recourse Debt” means Indebtedness:

(1) as to which neither the Issuer nor any of its Restricted Subsidiaries (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (B) is directly or indirectly liable as a guarantor or otherwise; and

(2) as to which the holders of such Indebtedness do not otherwise have recourse to the stock or assets of the Issuer or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

“Officer” means the Chairman of the Board of Directors, the chief executive officer, the chief financial officer, the president, any vice president, the treasurer, the controller or the secretary of the Issuer.

“Officers’ Certificate” means a certificate signed by two Officers of the Issuer, that meets the requirements of Section 11.05 hereof.

“Opinion of Counsel” means a written opinion from legal counsel, that meets the requirements of Section 11.05 hereof. The counsel may be an employee of or counsel to the Issuer, any Subsidiary of the Issuer or the Trustee.

“Original Indenture” has the meaning provided in the second paragraph of this Indenture.

“PBG” has the meaning provided in the first paragraph of this Indenture.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Issuer and its Subsidiaries are engaged on the date of this Indenture.

“Permitted Investments” means:

(1) any Investment in the Issuer or in a Restricted Subsidiary of the Issuer;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:

(A) such Person becomes a Restricted Subsidiary of the Issuer; or

(B) such Person, in one transaction or a series of related and substantially concurrent transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale;

(5) any acquisition of assets or Capital Stock in exchange for the issuance of Qualifying Equity Interests;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (B) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to officers, directors or employees made in the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer in an aggregate principal amount not to exceed \$20.0 million at any one time outstanding;

(9) redemption or purchase of any Securities;

(10) any guarantee of Indebtedness permitted to be incurred pursuant to Section 4A.03 hereof other than a guarantee of Indebtedness of an Affiliate of the Issuer that is not a Restricted Subsidiary of the Issuer;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Closing Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Closing Date; *provided* that the amount of any such Investment may be increased (A) as required by the terms of such Investment as in existence on the Closing Date or (B) as otherwise permitted under this Indenture;

(12) Investments acquired after the Closing Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of the Issuer of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by Sections 5.01 or 10.04 hereof after the Closing Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) the acquisition by a Receivables Subsidiary in connection with a Qualified Receivables Transaction of Equity Interests of a trust or other Person established by such Receivables Subsidiary to effect such Qualified Receivables Transaction; and any other Investment by the Issuer or a Subsidiary of the Issuer in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction;

(14) accounts receivable arising in the ordinary course of business;

(15) Investments in connection with outsourcing initiatives in the ordinary course of business;

(16) Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (16) that are at the time outstanding, not to exceed \$750.0 million at any one time outstanding in connection with (A) travel or airline related businesses made in connection with marketing and promotion agreements, alliance agreements, distribution agreements, agreements with respect to fuel consortiums, agreements relating to flight training, agreements relating to insurance arrangements, agreements relating to parts management systems and other similar agreements or (B) joint ventures in existence on the Closing Date or formed thereafter; and

(17) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding, not to exceed 3.0% of the total consolidated tangible assets of the Issuer and its Restricted Subsidiaries at the time of such Investment.

“Permitted Refinancing Indebtedness” means any Indebtedness (or commitments in respect thereof) of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the original principal amount (or accreted value, if applicable) when initially incurred of the Indebtedness renewed, refunded, extended, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith); *provided* that with respect to any such Permitted Refinancing Indebtedness that is refinancing secured Indebtedness and is secured by the same collateral, the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness shall not exceed the greater of the preceding amount and the Fair Market Value of the assets securing such Permitted Refinancing Indebtedness;

(2) if such Permitted Refinancing Indebtedness has a maturity date that is after the 6.750% Maturity Date (with any amortization payment comprising such Permitted Refinancing Indebtedness being treated as maturing on its amortization date), such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity that is (A) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged or (B) more than 60 days after the 6.750% Maturity Date;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Securities, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Securities on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged; and

(4) notwithstanding that the Indebtedness being renewed, refunded, refinanced, extended, replaced, defeased or discharged may have been repaid or discharged by the Issuer or any of its Restricted Subsidiaries prior to the date on which the new Indebtedness is incurred, Indebtedness that otherwise satisfies the requirements of this definition may be designated as Permitted Refinancing Indebtedness so long as such renewal, refunding, refinancing, extension, replacement, defeasance or discharge occurred not more than 36 months prior to the date of such incurrence of Permitted Refinancing Indebtedness.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“QEC Kits” means the quick engine change kits of the Issuer or any of its Subsidiaries.

“Qualified Receivables Transaction” means any transaction or series of transactions entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries sells, conveys or otherwise transfers to (a) a Receivables Subsidiary or any other Person (in the case of a transfer by the Issuer or any of its Subsidiaries) and (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto including, without limitation, all Equity Interests and other investments in the Receivables Subsidiary, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

“Qualifying Equity Interests” means Equity Interests of the Issuer other than Disqualified Stock.

“Receivables Subsidiary” means a Subsidiary of the Issuer which engages in no activities other than in connection with the financing of accounts receivable and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by the Issuer or any Restricted Subsidiary of the Issuer (other than comprising a pledge of the Capital Stock or other interests in such Receivables Subsidiary (an “incidental pledge”), and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction), (2) is recourse to or obligates the Issuer or any Restricted Subsidiary of the Issuer in any way other than through an incidental pledge or pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction or (3) subjects any property or asset of the Issuer or any Subsidiary of the Issuer (other than accounts receivable and related assets as provided in the definition of “Qualified Receivables Transaction”), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction, (b) with which neither the Issuer nor any Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding (other than pursuant to the Qualified Receivables Transaction) other than (i) on terms no less favorable to the Issuer or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer, and (ii) fees payable in the ordinary course of business in connection with servicing accounts receivable and (c) with which neither the Issuer nor any Subsidiary of the Issuer has any obligation to maintain or preserve such Subsidiary’s financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results. Any such designation by the Board of Directors of the Issuer will be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Issuer Certificate certifying that such designation complied with the foregoing conditions.

“Record Date” means, in the case of any Interest Payment Date for a Series of Securities, the date specified in the terms of such Securities as the date for the determination of Holders of record entitled to receive a payment of interest on such Interest Payment Date.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Payments” shall have the meaning set forth in Section 4A.01(a).

“Restricted Subsidiary” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“Revolving Credit Agreement” means the Credit and Guaranty Agreement, dated as of December 22, 2011, among Continental and the Guarantor, as Co-Borrowers, the Issuer, as a guarantor, the Subsidiaries of the Issuer party thereto, the lenders party thereto and Citibank, N.A. as Administrative Agent.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.

“Scheduled Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“SEC” means the Securities and Exchange Commission.

“Securities” means, collectively, the Series A Securities, the Series B Securities and the Series C Securities.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Custodian” means the custodian with respect to a Global Security (as appointed by the Depository) or any successor thereto, who shall initially be the Trustee.

“Series” or “Series of Securities” means each of the Series A Securities, the Series B Securities and the Series C Securities.

“Series A” or “Series A Securities” means the Securities with the terms described on Annex A to this Indenture.

“Series B” or “Series B Securities” means the Securities with the terms described on Annex B to this Indenture.

“Series C” or “Series C Securities” means the Securities with the terms described on Annex C to this Indenture.

“Significant Subsidiary” means, at any time, any Subsidiary of any Person which would be a “Significant Subsidiary” at such time, as such term is defined in Regulation S-X promulgated by the SEC, as in effect on the Closing Date.

“Standard Securitization Undertakings” means all representations, warranties, covenants, indemnities, performance guarantees and servicing obligations entered into by the Issuer or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

“Stated Maturity”, when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the principal amount of such Security is due and payable.

“Subsidiary” shall mean, with respect to any Person

(1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof); and

(2) any partnership, joint venture or limited liability company of which (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Trustee” means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§77aaa-77bbb) and the rules and regulations thereunder as in effect on the Closing Date.

“Trust Officer” means any vice president, assistant vice president, assistant treasurer or any other officer or assistant officer of the Trustee at its Corporate Trust Office assigned by the Trustee to administer its corporate trust matters, and any other officer of the Trustee to whom a matter arising under this Indenture may be referred.

“UCC” means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

“Unrestricted Subsidiary” means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary in compliance with Section 4A.04 hereof pursuant to a resolution of the Board of Directors, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.10 hereof, is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

SECTION 1.02. Other Definitions.

Term	Defined in Section
“Affiliate Transaction”	4.10(a)
“Bankruptcy Law”	6.01
“Change of Control Offer”	4.05
“Change of Control Payment”	4.05
“Change of Control Payment Date”	4.05
“Covenant Defeasance”	8.03
“Custodian”	6.01
“Event of Default”	6.01
“Guarantor Obligations”	10.01
“Legal Defeasance”	8.02
“Legal Holiday”	11.08
“Notice of Default”	6.01
“Paying Agent”	2.04
“Permitted Debt”	4A.03(b)
“Registrar”	2.04
“Restricted Payments”	4A.01(a)
“Successor Company”	5.01(i)

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the Trust Indenture Act, which are incorporated by reference in and made a part of this Indenture. The following Trust Indenture Act terms have the following meanings:

“Commission” means the SEC.

“indenture securities” means the Securities and the Guarantor Obligations.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the Securities means the Issuer of such Securities, the Guarantor, if any, of such Securities and any other obligor on the Securities.

All other terms used in this Indenture that are defined by the Trust Indenture Act or defined by Trust Indenture Act reference to another statute and that are not otherwise defined herein have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) “or” is not exclusive;

(4) “including” means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) the principal amount of any non-interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP;

(7) each reference to a Person includes any successor in interest to it and any transferee or assignee of it (in the case of the Issuer and the Guarantor, subject to the provisions of Article V and Section 10.04, respectively);

(8) each reference to an agreement, instrument or document includes such agreement, instrument or document as amended, modified or supplemented from time to time in accordance with its terms; and

(9) each reference to any law, rule or regulation includes such law, rule or regulation as amended, modified, supplemented, replaced, reissued or reenacted from time to time.

SECTION 1.05. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments signed by such Holders in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are received by the Trustee in accordance with the provisions of this Indenture and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments.

(b) The ownership of Securities shall be proved by references to the applicable register of the Registrar or in any other reasonable manner which the Trustee deems sufficient.

ARTICLE II

The Securities

SECTION 2.01. Amendment and Restatement of Original Indenture. Effective on the date hereof:

(a) the Original Indenture shall be amended and restated in its entirety and replaced by this Indenture, and all obligations of the parties under the Original Indenture shall be replaced in their entirety by the obligations of the parties under this Indenture;

(b) (i) the terms of \$326,192,000 outstanding principal amount of the 6% Notes shall be amended and restated to be the terms of the Series A Securities, (ii) the terms of \$326,191,000 outstanding principal amount of the 6% Notes shall be amended and restated to be the terms of the Series B Securities, (iii) the certificate formerly representing the 6% Notes shall be canceled by the Trustee and (iv) two new Global Securities, one representing \$326,192,000 aggregate principal amount of the Series A Securities and the other representing \$326,191,000 aggregate principal amount of the Series B Securities, shall be executed by the Issuer, together with a notation of Guarantee executed by the Guarantor, authenticated by the Trustee and delivered to the Securities Custodian in replacement of the certificate formerly representing the 6% Notes; and

(c) (i) the terms of the 8% Notes shall be amended and restated to be the terms of the Series C Securities, (ii) the certificate formerly representing the 8% Notes shall be canceled by the Trustee and (iii) a new Global Security representing \$400,000,000 aggregate principal amount of the Series C Securities shall be executed by the Issuer, together with a notation of Guarantee executed by the Guarantor, authenticated by the Trustee and delivered to the Securities Custodian in replacement of the certificate formerly representing the 8% Notes.

SECTION 2.02. Issuable in Series. Three Series of Securities shall be issued pursuant to this Indenture: the Series A, the Series B and the Series C. The aggregate principal amount of Securities of each Series that may be authenticated and delivered under this Indenture is set forth on Annex A, in the case of the Series A, on Annex B, in the case of the Series B, and on Annex C, in the case of the Series C. All Securities of a Series shall be substantially identical except as to denomination. The Series A Securities shall be substantially in the form of Exhibit A to this Indenture, the Series B Securities shall be substantially in the form of Exhibit B to this Indenture and the Series C Securities shall be substantially in the form of Exhibit C to this Indenture. All Securities shall be issued in registered form in denominations of \$1,000 or any integral multiple thereof. Securities may differ between Series in respect of any matters.

SECTION 2.03. Execution and Authentication. One or more Officers of the Issuer shall sign the Securities of each Series on behalf of the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture. A Security shall be dated the date of its authentication.

The Trustee shall, at any time, and from time to time, authenticate Securities of a Series for original issue up to the principal amount specified for such Series in the Annex to this Indenture applicable to such Series, upon receipt by the Trustee of an Issuer Order and an Opinion of Counsel. The aggregate principal amount of Securities of any Series outstanding at any time may not exceed any limit upon the maximum principal amount for such Series referred to in Section 2.02, except as provided in Section 2.08.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate the Securities. Any such appointment shall be evidenced by an instrument signed by a Trust Officer, a copy of which shall be furnished to the Issuer. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.04. Registrar and Paying Agent. The Issuer shall maintain, with respect to each Series of Securities, at the place or places specified with respect to such Series pursuant to this Section, an office or agency where Securities of such Series may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities of such Series may be presented for payment (the "Paying Agent"). The Registrar shall keep a register with respect to each Series of Securities and of their transfer and exchange. The Issuer may have one or more additional paying agents. The term "Paying Agent" includes any additional paying agent. The Issuer hereby appoints the Trustee at its Corporate Trust Office as Registrar and Paying Agent for each Series of Securities unless another Registrar or Paying Agent, as the case may be, is appointed prior to the time Securities of that Series are first issued.

The Issuer shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the Trust Indenture Act. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Issuer or any of its domestically organized Significant Subsidiaries may act as Paying Agent or Registrar.

The Issuer may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee; *provided, however*, that no such removal shall become effective until (1) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Issuer and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (2) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (1) above. The Registrar or Paying Agent may resign at any time upon written notice; *provided, however*, that the Trustee may resign as Registrar or Paying Agent only if the Trustee also resigns as Trustee in accordance with Section 7.08.

SECTION 2.05. Paying Agent to Hold Money in Trust. The Issuer shall require each Paying Agent with respect to a Series of Securities other than the Trustee to agree in writing that the Paying Agent will hold in trust, for the benefit of Holders of such Series of Securities, or the Trustee, all money held by the Paying Agent for the payment of principal of or premium or interest on such Series of Securities, that the Paying Agent will notify the Trustee of any default by the Issuer in making any such payment and that while any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer, at any time, may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or any of its domestically organized Significant Subsidiaries) shall have no further liability for the money. If the Issuer or any of its domestically organized Significant Subsidiaries acts as Paying Agent for a Series of Securities, it shall segregate and hold in a separate trust fund for the benefit of Holders of such Series of Securities all money held by it as Paying Agent for such Series of Securities.

SECTION 2.06. Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of each Series of Securities and shall otherwise comply with Trust Indenture Act Section 312(a). If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least ten days before each Interest Payment Date and at such other times as the Trustee may reasonably request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Holders of each Series of Securities.

SECTION 2.07. Transfer and Exchange. Where Securities of a Series are presented to the Registrar with a request to register a transfer or to exchange them for an equal principal amount of Securities of the same Series, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Trustee shall authenticate Securities at the Registrar's request. No service charge shall be made for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.11, 3.06, 4.05 or 9.05).

Neither the Issuer nor the Registrar shall be required (a) to issue, register the transfer of, or exchange Securities of any Series for the period beginning at the opening of business fifteen days immediately preceding the mailing of a notice of redemption of Securities of that Series selected for redemption and ending at the close of business on the day of such mailing or (b) to register the transfer of or exchange Securities of any Series selected, called or being called for redemption as a whole or the portion being redeemed of any such Securities selected, called or being called for redemption in part.

All Securities issued upon any registration of transfer or upon any exchange of Securities shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

SECTION 2.08. Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security is surrendered to the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver in exchange therefor, a new Security of the same Series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Issuer and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Security has been acquired by a bona fide purchaser, the Issuer shall execute, and upon the Issuer's request the Trustee shall authenticate and make available for delivery, in lieu of any such destroyed, lost or stolen Security, a new Security of the same Series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Issuer, in its discretion, may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any Series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that Series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 2.09. Outstanding Securities. The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest on a Global Security effected by the Trustee in accordance with the provisions hereof and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding until the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If, at the Maturity of Securities of a Series, the Paying Agent holds money sufficient to pay such Securities payable on that date, then, on and after that date, such Securities of the Series shall cease to be outstanding and interest on them shall cease to accrue.

A Security does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Security.

SECTION 2.10. Treasury Securities. In determining whether the Holders of the required principal amount of Securities of a Series have concurred in any request, demand, authorization, direction, notice, consent or waiver, Securities of a Series owned by the Issuer and its Affiliates shall be disregarded, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Securities of a Series that the Trustee knows are so owned shall be so disregarded.

SECTION 2.11. Temporary Securities. Until definitive Securities are ready for delivery, the Issuer may prepare, and the Trustee shall authenticate, temporary Securities upon an Issuer Order. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Issuer considers appropriate for temporary Securities. Without unreasonable delay, the Issuer shall prepare, and the Trustee upon request shall authenticate, definitive Securities of the same Series and date of maturity in exchange for temporary Securities. After preparation of such definitive Securities of such Series, the temporary Securities of such Series shall be exchangeable for such definitive Securities upon surrender of the temporary Securities of such Series at the office or agency of the Issuer pursuant to Section 2.04, without charge to the Holder. Until so exchanged, temporary Securities shall have the same rights under this Indenture as the definitive Securities.

SECTION 2.12. Cancellation. The Issuer at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for transfer, exchange, payment, replacement or cancellation and shall destroy such canceled Securities (subject to the record retention requirement of the Exchange Act) and deliver a certificate of such destruction to the Issuer upon the Issuer's request, unless the Issuer otherwise directs. The Issuer may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation, except as expressly permitted by this Indenture.

SECTION 2.13. Defaulted Interest. If the Issuer defaults in a payment of interest on a Series of Securities on the applicable Interest Payment Date, such interest shall cease to be payable to the applicable Holders on the relevant Record Date for such Interest Payment Date. In such case, the Issuer shall pay the defaulted interest, plus, to the extent permitted by law, any interest payable on the defaulted interest to but excluding the date scheduled for payment of such defaulted interest to Holders, pursuant to clause (1) or (2) below, as the Issuer shall elect:

(1) The Issuer may elect to make such payment to the Persons who are Holders of the Series on a subsequent special record date. The Issuer shall fix the payment date for such defaulted interest and the special record date therefor, which shall not be more than

15 days nor less than 10 days prior to such payment date. At least 10 days before the special record date, the Issuer shall mail to the Trustee and to each Holder of the Series a notice that states the special record date, the payment date and the amount of interest to be paid.

(2) The Issuer may elect to make such payment in any other lawful manner.

Subject to the foregoing provisions of this Section and Section 2.07, each Security authenticated under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security (in the case of any transfer or exchange in part, to the extent allocable to such part).

Payment of defaulted interest and any interest thereon to the Trustee shall be deemed to satisfy the Issuer's obligation to pay such defaulted interest and any interest thereon for all purposes of this Indenture.

SECTION 2.14. Global Securities.

(a) Terms of Securities. The Securities of each Series shall be issued in whole in the form of one or more Global Securities, subject to Section 2.14(b). The initial Depository for such Global Securities shall be The Depository Trust Company.

(b) Transfer and Exchange. Notwithstanding any provisions to the contrary contained in Section 2.07 of this Indenture and in addition thereto, any Global Security shall be exchangeable pursuant to Section 2.07 of this Indenture for Securities registered in the names of Holders other than the Depository for such Security or its nominee only if (i) such Depository notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Security or, if at any time such Depository ceases to be a clearing agency registered under the Exchange Act, and, in either case, the Issuer fails to appoint a successor Depository within 90 days following such event (it being agreed that the Issuer shall use commercially reasonable efforts to appoint a successor Depository during such 90 days), (ii) the Issuer executes and delivers to the Trustee an Officers' Certificate to the effect that such Global Security shall be so exchangeable or (iii) an Event of Default with respect to the Securities represented by such Global Security shall have occurred and be continuing and owners of beneficial interests in such Global Security in an amount not less than a majority of the aggregate outstanding principal amount of such Global Security have delivered to the Issuer and the Trustee a request for certificated Securities. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depository shall direct in writing in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms.

Except as provided in this Section 2.14(b), a Global Security may not be transferred except as a whole by the Depository with respect to such Global Security to a nominee of such Depository, by a nominee of such Depository to such Depository or another nominee of such Depository or by the Depository or any such nominee to a successor Depository or a nominee of such a successor Depository.

(c) Legend. Any Global Security issued hereunder shall bear a legend in substantially the following form:

“THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.14(b) OF THE INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY).”

In addition, any Global Security issued hereunder shall bear such legends as shall be required by the applicable Depositary.

(d) Acts of Holders. The Depositary, as a Holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under this Indenture.

(e) Payments. Notwithstanding the other provisions of this Indenture, payment of the principal of and interest, if any, on any Global Security shall be made to the Holder thereof.

SECTION 2.15. Terms of Payment. The Issuer shall pay interest on the Securities on each Interest Payment Date to each Person in whose name Securities were registered at the close of business on the applicable Record Date at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.04; *provided, however*, that each installment of interest on any Security may at the Issuer’s option be paid by mailing a check for such interest, payable to or upon the written order of the Person entitled thereto, to the address of such Person as it appears on the register for such Series of Securities or by wire transfer to an account of the Person entitled thereto as such account shall be provided to the Registrar for such Series of Securities and shall appear on the applicable register. Payments of principal of a Security shall be made against surrender of such Security at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.04 at the Issuer’s option by check payable to or upon the written order of the Person entitled thereto or by wire transfer to an account of the Person entitled thereto as such account shall be provided to the Registrar for such Series of Securities.

SECTION 2.16. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Issuer, the Guarantor, the Trustee and any agent of the Issuer, the Guarantor, or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Issuer, the Guarantor, the Trustee or any agent of the Issuer, the Guarantor, or the Trustee shall be affected by notice to the contrary.

None of the Issuer, the Guarantor, the Trustee, any Paying Agent or the Registrar shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Issuer, the Guarantor, the Trustee and the Registrar shall be entitled to deal with any Depository, and any nominee thereof, that is the Holder of any such Global Security for all purposes of this Indenture relating to such Global Security (including the payment of principal, premium, if any, and interest and the giving of instructions or directions by or to the owner or holder of a beneficial ownership interest in such Global Security) as the sole Holder of such Global Security and shall have no obligations to the beneficial owners thereof. None of the Issuer, the Guarantor, the Trustee, any Paying Agent or the Registrar shall have any responsibility or liability for any acts or omissions of any such Depository (or its nominee) with respect to such Global Security, for the records of any such Depository, including records in respect of beneficial ownership interests in respect of any such Global Security, for any transactions between such Depository and any participant in such Depository or between or among any such Depository, any such participant and/or any holder or owner of a beneficial interest in such Global Security or for any transfers of beneficial interests in any such Global Security.

Notwithstanding the foregoing, with respect to any Global Security, nothing herein shall prevent the Issuer, the Guarantor, the Trustee, or any agent of the Issuer, the Guarantor, or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depository (or its nominee), as a Holder, with respect to such Global Security or impair, as between such Depository (or its nominee) and owners of beneficial interests in such Global Security, the operation of customary practices governing the exercise of the rights of such Depository (or its nominee) as Holder of such Global Security.

SECTION 2.17. CUSIP Numbers. The Issuer in issuing the Securities may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice and that reliance may be placed only on the other elements of identification printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers.

ARTICLE III

Redemption

SECTION 3.01. Notices to Trustee. The Issuer may elect to redeem and pay any Series of Securities or may covenant to redeem and pay the Series of Securities or any part thereof prior to the Stated Maturity thereof at such time and on such terms provided for in such Series of Securities. If a Series of Securities is redeemable and the Issuer elects or is obligated to redeem prior to the Stated Maturity thereof all or part of the Series of Securities pursuant to the terms of such Securities, it shall notify the Trustee in writing of the redemption date and the principal amount of Securities of the Series to be redeemed and the redemption price. The Issuer shall give such notice to the Trustee at least 45 days before the redemption date unless the Trustee consents to a shorter period.

SECTION 3.02. Selection of Securities To Be Redeemed. If fewer than all the Securities of a particular Series are to be redeemed, the Trustee shall select the Securities to be redeemed, subject to the Depository requirements, pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection at least 30 days but no more than 60 days before the redemption date from outstanding Securities of a Series not previously called for redemption. Securities and portions thereof that the Trustee selects shall be in principal amounts of \$1,000 or integral multiples of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall promptly notify the Issuer of the Securities (or portions thereof) to be redeemed.

SECTION 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a date for redemption of Securities, the Issuer shall mail a notice of redemption by first-class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed (including, if fewer than all Securities of a Series are being redeemed, the particular Securities of such Series to be redeemed) and shall state:

(1) the redemption date;

(2) the redemption price;

(3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date upon surrender of such Security, the Issuer shall issue to each applicable Holder, without charge, a new Security or Securities in principal amount equal to the unredeemed portion upon cancellation of the original Security;

(4) the name and address of the Paying Agent;

(5) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, on the redemption date, the redemption price and accrued interest to, but excluding, the redemption date will become due and payable upon each such Security, or portion thereof, to be redeemed and unless the Issuer defaults in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date; provided that installments of interest whose maturity is on or prior to the redemption date shall be payable to the Holders of such Securities registered as such at the close of business on the relevant regular Record Dates according to their terms and the provisions of this Indenture;

(7) the paragraph of the Securities and/or provision of this Indenture pursuant to which the Securities called for redemption are being redeemed;

(8) the CUSIP or ISIN number, if any, printed on the Securities being redeemed; and

(9) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Securities.

At the Issuer's request, the Trustee shall give the notice of redemption as provided to it in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the information required by this Section.

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Securities called for redemption become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice. If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the redemption date at the rate prescribed therefor in such Security.

Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price. Prior to 12:00 noon (New York City time) on the redemption date, the Issuer shall deposit with the Paying Agent (or, if the Issuer or any domestically organized Significant Subsidiary of the Issuer is the Paying Agent, shall segregate and hold in trust) an amount in immediately available funds sufficient to pay the redemption price of, and accrued interest to but not including the redemption date on, all Securities or portions thereof to be redeemed on that date, other than Securities or portions of Securities called for redemption that have been delivered by the Issuer to the Trustee for cancellation. The Paying Agent (if the Issuer or any domestically organized Significant Subsidiary is not the Paying Agent) shall as promptly as practicable return to the Issuer any money deposited with it by the Issuer in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Securities to be redeemed. If such money is then held by the Issuer in trust and is not required for such purpose it shall be discharged from such trust. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Issuer shall execute, and the Trustee shall authenticate for the Holder (at the Issuer's expense), a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

SECTION 3.07. No Mandatory Redemption. The Issuer is not required to make mandatory redemption, sinking fund or other scheduled payments of principal with respect to the Securities. However, the Issuer may be required to offer to purchase the Securities as described in Section 4.05 hereof. The Issuer or its Affiliates may at any time and from time to time purchase Securities in the open market or otherwise.

ARTICLE IV

Covenants

SECTION 4.01. Payment of Securities. The Issuer covenants and agrees for the benefit of the Holders of each Series of Securities that it will duly and punctually pay, on the dates and in the manner provided in the Securities of such Series, the principal of, premium, if any, and interest on the Securities of that Series in accordance with the terms of the Securities of such Series and this Indenture. Such payments shall be considered made on the date due if on such date the Trustee or the Paying Agent holds (and, in the case of the Issuer or any of its domestically organized Significant Subsidiaries acting as Paying Agent, such Paying Agent shall have segregated and held in a separate trust fund in accordance with Section 2.05) prior to 12:00 noon (New York City time), money deposited by or on behalf of the Issuer in immediately available funds sufficient to pay all principal of, premium, if any, and interest on the Securities then due. If the Issuer makes any such payment through a Paying Agent other than the Trustee, it shall give prompt notice to the Trustee thereof. All amounts payable under this Indenture by the Issuer shall be in U.S. dollars.

SECTION 4.02. SEC Reports; Provision of Financial Statements. (a) To the extent required by the Trust Indenture Act of 1939, as amended from time to time (including after the Closing Date), the Issuer shall file with the Trustee within 30 days after it files them with the SEC, copies of its annual report and the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that such Issuer is required to file with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates). The Issuer also shall comply with the other provisions of Trust Indenture Act Section 314(a).

(b) If the Issuer is not required to file periodic reports and other information pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act with the SEC with respect to (x) a fiscal year or (y) any of the first three fiscal quarters of a fiscal year, the Issuer shall furnish to the Trustee (i) in the case of the preceding clause (x), within 135 days after the end of such fiscal year, an annual report containing the information required by Items 1, 2, 3, 5, 6, 7, 8 and 9 of Form 10-K promulgated under the Exchange Act or substantially the same information required to be contained in comparable items of any successor form and (ii) in the case of the preceding clause (y), within 60 days after the end of such fiscal quarter, a quarterly report containing the information required to be contained in Form 10-Q promulgated under the Exchange Act or substantially the same information required to be contained in any successor form.

SECTION 4.03. Compliance Certificate. The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year of such Issuer an Officers' Certificate (signed by any one of the principal executive officer, the principal financial officer or the principal accounting officer and another Officer) stating whether or not the signers know of any Default with respect to a Series of Securities that occurred during such period. If the signers know of any Default, the certificate shall describe the Default, its status and what action such Issuer is taking or proposes to take with respect thereto. The Issuer also shall comply with Trust Indenture Act Section 314(a) (4).

SECTION 4.04. Corporate Existence. Subject to Article V and Section 10.04, each of the Issuer and the Guarantor will at all times do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 4.05. Offer to Repurchase Upon Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder of Securities will have the right to require the Issuer to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of that Holder's Securities pursuant to an offer (a "Change of Control Offer") at a purchase price in cash equal to 101% of the aggregate principal amount of Securities repurchased, plus accrued and unpaid interest on the Securities repurchased to the date of purchase (the "Change of Control Payment"), subject to the rights of Holders of Securities on the relevant Record Date to receive interest due on the relevant Interest Payment Date. Within 30 days following any Change of Control, the Issuer will mail a notice to each Holder, with a copy to the Trustee, describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.05 and that all Securities tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(3) that any Security not tendered will continue to accrue interest;

(4) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Securities accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders of Securities electing to have any Securities purchased pursuant to a Change of Control Offer will be required to surrender the Securities, with the form entitled "Option of Holder to Elect Purchase" attached to the Securities completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders of Securities will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Securities delivered for purchase, and a statement that such Holder is withdrawing its election to have the Securities purchased; and

(7) that Holders of Securities whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered, which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.05, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.05 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Securities or portions of Securities properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions of Securities being purchased by the Issuer.

The Paying Agent will promptly mail (but in any case not later than five days after the Change of Control Payment Date) to each Holder of Securities properly tendered the Change of Control Payment for such Securities, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Indenture or the Securities:

(i) the Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.05 hereof and purchases all Securities properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption with respect to all Securities has been given pursuant to Section 3.01 hereof, unless and until there is a default in payment of the applicable redemption price; and

(ii) a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(d) For the avoidance of doubt, the Issuer's failure to make a Change of Control Offer would constitute a Default under clause (3) of Section 6.01 hereof and not clause (1) or (2), but the failure of the Issuer to pay the Change of Control Payment when due shall constitute a Default under clause (1) of Section 6.01.

SECTION 4.06. Waiver of Ranking Provision. The Trustee, the Issuer, the Guarantor, the registered holder of all Existing Notes immediately prior to the amendment and restatement of the Original Indenture and the Holder of all Securities upon effectiveness of the amendment and restatement of the Original Indenture (by providing its consent to such amendment and restatement), each hereby irrevocably waives all of its rights and benefits under the first sentence of Section 1.14 (entitled "Rights Relative to Other Notes") of the Indenture, dated as of July 25, 2006, among the Issuer (formerly known as UAL Corporation), the Guarantor and the Trustee (formerly known as The Bank of New York Trust Company, N.A.) relating to the 4.50% Senior Limited-Subordination Convertible Notes due 2021 (the "4.50% Notes") and agrees that the holders of the 4.50% Notes are intended third party beneficiaries of this Section 4.06. The foregoing irrevocable waiver shall be binding on every future Holder of Securities.

SECTION 4.07. Notice of Default. So long as the Securities of a Series are outstanding, the Issuer shall deliver to the Trustee, within five Business Days after the Issuer's chief financial officer or treasurer becoming aware of any Event of Default with respect to such Series, written notice specifying such Event of Default.

SECTION 4.08. Further Instruments and Acts. Upon the request of the Trustee, each of the Issuer and the Guarantor will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out the purposes of this Indenture.

SECTION 4.09. Payments for Consents. The Issuer shall not, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Securities of a Series for or as inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities of such Series unless such consideration is offered to be paid or is paid to all Holders of the Securities of such Series that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.10. Transactions with Affiliates.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$50.0 million, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary (taking into account all effects the Issuer or such Restricted Subsidiary expects to result from such transaction whether tangible or intangible) than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee:

(i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$100.0 million, an Officers' Certificate certifying that such Affiliate Transaction complies with clause (1) of this Section 4.10(a); and

(ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$200.0 million, an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.10(a) hereof:

(1) any employment agreement, confidentiality agreement, non-competition agreement, incentive plan, employee stock option agreement, long-term incentive plan, profit sharing plan, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries (including without limitation in connection with any full or partial "spin-off" or similar transactions);

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of fees, reimbursements of expenses (pursuant to indemnity arrangements or otherwise) and reasonable and customary indemnities provided to or on behalf of officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(5) any issuance of Qualifying Equity Interests to Affiliates of the Issuer;

(6) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in the ordinary course of business or transactions with joint ventures, alliances, alliance members or Unrestricted Subsidiaries entered into in the ordinary course of business;

(7) Permitted Investments and Restricted Payments that do not violate Section 4A.01 hereof (which Section 4A.01 shall continue to be effective for purposes of this clause (7) notwithstanding any termination of Section 4A.01 pursuant to Section 4A.05 or Section 8.03);

(8) loans or advances to employees in the ordinary course of business not to exceed \$20.0 million in the aggregate at any one time outstanding;

(9) transactions pursuant to agreements or arrangements in effect on the Closing Date or any amendment, modification or supplement thereto or replacement thereof and any payments made or performance under any agreement as in effect on the Closing Date or any amendment, replacement, extension or renewal thereof (so long as such agreement as so amended, replaced, extended or renewed is not materially less advantageous, taken as a whole, to the Holders than the original agreement as in effect on the Closing Date);

(10) transactions between or among the Issuer and/or its Subsidiaries or transactions between a Receivables Subsidiary and any Person in which the Receivables Subsidiary has an Investment;

(11) any transaction effected as part of a Qualified Receivables Transaction; and

(12) any purchase by the Issuer's Affiliates of Indebtedness of the Issuer or any of its Restricted Subsidiaries, the majority of which Indebtedness is offered to Persons who are not Affiliates of the Issuer.

ARTICLE IVA

Supplemental Covenants

SECTION 4A.01. Restricted Payments.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (A) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of the Issuer, an increase in the liquidation value thereof and (B) dividends, distributions or payments payable to the Issuer or a Restricted Subsidiary of the Issuer);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (iii), a “purchase”) any Indebtedness of the Issuer or the Guarantor that is contractually subordinated to the Securities or the Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except any scheduled payment of interest and any purchase within two years of the Scheduled Maturity thereof; or

(iv) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as “Restricted Payments”), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default has occurred and is continuing;

(2) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4A.03(a) hereof; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Closing Date (excluding Restricted Payments permitted by clauses (2) through (17) of Section 4A.01(b) hereof), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from April 1, 2010 to the end of the Issuer’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Issuer since the Closing Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests (other than Qualifying Equity Interests sold to a Subsidiary of the Issuer and excluding Excluded Contributions); plus

(C) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Issuer from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer (regardless of when issued or sold) or in connection with the conversion of exchange thereof, in each case that have been converted into or exchanged since the Closing Date for Qualifying Equity Interests (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Issuer); plus

(D) to the extent that any Restricted Investment that was made after the Closing Date (other than in reliance on clause (16) of Section 4A.01(b)) is (i) sold for cash or otherwise cancelled, liquidated or repaid for cash or (ii) made in an entity that subsequently becomes a Restricted Subsidiary of the Issuer, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(E) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Closing Date is redesignated as a Restricted Subsidiary after the Closing Date, the lesser of (i) the Fair Market Value of the Issuer's Restricted Investment in such Subsidiary (made other than in reliance on clause (16) of Section 4A.01(b)) as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Closing Date; plus

(F) 100% of any dividends received in cash by the Issuer or a Restricted Subsidiary of the Issuer after the Closing Date from an Unrestricted Subsidiary of the Issuer, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Issuer for such period.

(b) The provisions of Section 4A.01(a) hereof will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Qualifying Equity Interests or from the substantially concurrent contribution of common equity capital to the Issuer; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(3)(B) of Section 4A.01 hereof and will not be considered to be Excluded Contributions;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution), distribution or payment by a Restricted Subsidiary of the Issuer to the holders of its Equity Interests on a pro rata basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or the Guarantor that is contractually subordinated to any Security or the Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of the Issuer or any of its Restricted Subsidiaries pursuant to any management equity plan or equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$50.0 million in any 12-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with (x) the acquisition of a Permitted Business or merger, consolidation or amalgamation otherwise permitted by this Indenture and in such case the aggregate price paid by the Issuer and its Restricted Subsidiaries may not exceed \$100.0 million in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation or (y) the Continental/UAL Merger, in which case no dollar limitation shall be applicable); *provided further*, that the Issuer or any of its Restricted Subsidiaries may carry over and make in subsequent 12-month periods, in addition to the amounts permitted for such 12-month period, up to \$25.0 million of unutilized capacity under this clause (5) attributable to the immediately preceding twelve-month period;

(6) the repurchase of Equity Interests or other securities deemed to occur upon (A) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (B) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of the Issuer or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends, distributions or payments to holders of any class or series of Disqualified Stock or subordinated debt of the Issuer or any preferred stock of any Restricted Subsidiary of the Issuer in each case either outstanding on the Closing Date or issued on or after the Closing Date in accordance with Section 4A.03 hereof;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of Capital Stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities (such as Continental's Term Income Deferred Equity Securities) into Capital Stock of any such Person;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any Disqualified Stock or preferred stock of any Restricted Subsidiary of the Issuer to the extent such dividends are included in the definition of "Fixed Charges" for such Person;

(10) in the event of a Change of Control, and if no Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of any subordinated Indebtedness of the Issuer or the Guarantor, in each case, at a purchase price not greater than 101% of the principal amount of such subordinated Indebtedness, plus any accrued and unpaid interest thereon; *provided, however*, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Issuer or the Guarantor

(or a third party to the extent permitted by this Indenture) have made a Change of Control Offer as a result of such change of control and has repurchased all Securities validly tendered and not withdrawn in connection with such Change of Control Offer (it being agreed that the Issuer or the Guarantor may pay, purchase, redeem, defease or otherwise acquire or retire such subordinated Indebtedness even if the purchase price exceeds 101% of the principal amount of such subordinated Indebtedness; *provided* that the amount paid in excess of 101% of such principal amount is otherwise permitted under the Restricted Payments covenant);

(11) Restricted Payments made with Excluded Contributions;

(12) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(13) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial “spin-off” of a Subsidiary or similar transactions; *provided* that the Issuer would, on the date of such distribution after giving pro forma effect thereto as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4A.03(a) hereof;

(14) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial “spin-off” of a Subsidiary or similar transactions having an aggregate Fair Market Value not to exceed \$500.0 million since the Closing Date;

(15) so long as no Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$500.0 million, such aggregate amount to be calculated from the Closing Date;

(16) so long as no Default has occurred and is continuing, the Issuer and its Restricted Subsidiaries can make any Restricted Investment; and

(17) the payment of any amounts in respect of any restricted stock units or other instruments or rights whose value is based in whole or in part on the value of any Equity Interests issued to any directors, officers or employees of the Issuer or any Restricted Subsidiary of the Issuer.

In the case of any Restricted Payment that is not cash, the amount of such non-cash Restricted Payment will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary of the Issuer, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4A.01 will be determined by an Officer of the Issuer and, if greater than \$10.0 million, set forth in an Officers’ Certificate delivered to the Trustee.

For purposes of determining compliance with this Section 4A.01, if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (17) of subparagraph (b) of this Section 4A.01, or is entitled to be made pursuant to subparagraph (a) of this Section 4A.01, the Issuer will be entitled to classify on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this Section 4A.01.

For the avoidance of doubt, the following shall not constitute Restricted Payments and therefore will not be subject to any of the restrictions described in this Section 4A.01:

(a) the payment on or with respect to, or purchase, redemption, defeasance or other acquisition or retirement for value of any Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer that is not contractually subordinated to the Securities or the Guarantee;

(b) the payment of regularly scheduled amounts in respect of, and the issuance of common stock of the Issuer upon conversion of, the 6% Convertible Preferred Securities, Term Income Deferred Equity Securities (TIDES)SM issued by Continental Airlines Finance Trust II or the underlying 6% Convertible Junior Subordinated Debentures due 2030 issued by Continental; and

(c) the conversion of the Capital Stock of either the Guarantor or Continental pursuant to the Airlines Merger.

Notwithstanding anything in this Indenture to the contrary, if a Restricted Payment is made at a time when a Default has occurred and is continuing and such Default is subsequently cured, the Default or Event of Default arising from the making of such Restricted Payment during the existence of such Default shall simultaneously be deemed cured.

SECTION 4A.02. Restrictions on Ability of Restricted Subsidiaries to Pay Dividends and Make Certain Other Payments.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries or with respect to any other interest or participation in the profits of such Restricted Subsidiary, or measured by the profits of such Restricted Subsidiary;

(2) pay any indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(3) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(4) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4A.02(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements (A) governing Existing Indebtedness and Credit Facilities, in each case as in effect on (or required by agreements in effect on) the Closing Date or (B) in effect on the Closing Date;

(2) this Indenture;

(3) agreements governing other Indebtedness or shares of preferred stock permitted to be incurred or issued under the provisions of Section 4A.03 hereof; *provided*, that if such Restricted Subsidiary incurring or issuing such Indebtedness or shares of preferred stock is not the Guarantor, the restrictions therein are either (in each case, as determined in good faith by a senior financial officer of the Issuer) (A) not materially more restrictive, taken as a whole, than those contained in this Indenture or (B) (i) customary for instruments of such type and (ii) will not materially adversely impact the ability of the Issuer to make required principal and interest payments on the Securities;

(4) applicable law, rule, regulation or order;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries (including by way of merger, consolidation or amalgamation of the Issuer or any of its Restricted Subsidiaries) as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(6) customary provisions in contracts, licenses, leases and asset sale agreements entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property (or proceeds thereof) purchased or leased of the nature described in clause (4) of Section 4A.02(a) hereof;

(8) any contract or agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions, asset sales or loans by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing is, in the good faith judgment of a senior financial officer of the Issuer, taken together as a whole, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in (A) the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing or (B) this Indenture;

(10) Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property or loans or advances in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets or the joint venture entity, as applicable, that are the subject of such agreements or otherwise in the ordinary course of business;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) any instrument or agreement entered into in connection with any full or partial “spin-off” or similar transactions;

(14) any encumbrance or restriction of the type referred to in clauses (1), (2), (3) and (4) of Section 4A.02(a) imposed by any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (13) of this Section 4A.02(b); *provided* that such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing is, in the good faith judgment of a senior financial officer of the Issuer, taken together as a whole, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in (A) the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing or (B) this Indenture; and

(15) any encumbrance or restriction existing under or by reason of Indebtedness or other contractual requirements of a Receivables Subsidiary or any Standard Securitization Undertaking, in each case, in connection with a Qualified Receivables Transaction; *provided* that such restrictions apply only to such Receivables Subsidiary.

SECTION 4A.03. Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Issuer’s Fixed Charge Coverage Ratio for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 1.1 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4A.03(a) hereof will not prohibit the incurrence of any of the following items of Indebtedness (collectively, “Permitted Debt”):

(1) Indebtedness incurred under this Indenture and any Permitted Refinancing Indebtedness that is incurred to renew, refund, refinance, replace, defease, extend or discharge any other Indebtedness incurred pursuant to this clause (1);

(2) the incurrence by Parent and its Restricted Subsidiaries of the Existing Indebtedness and any Indebtedness that is incurred pursuant to or (to the extent not materially less favorable to the Issuer) in lieu of a commitment in existence as of the Closing Date;

(3) the incurrence by the Issuer or any of its Restricted Subsidiaries of (A) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (3) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and its Restricted Subsidiaries thereunder) not to exceed \$1.75 billion and (B) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities secured on a junior priority basis by some or all of the collateral securing Indebtedness under Credit Facilities contemplated by clause (A) of this clause (3) in an aggregate principal amount at any one time outstanding under this clause (3)(B) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and its Restricted Subsidiaries thereunder) not to exceed \$1.5 billion;

(4) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by, or incurred in connection with, Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing (or reimbursing the Issuer or any of its Restricted Subsidiaries for) all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment (including without limitation airport, maintenance, training and office facilities, ground support equipment and tooling) used in the business of the Issuer or any of its Restricted Subsidiaries;

(5) the incurrence by the Issuer or any of its Restricted Subsidiaries of (A) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4A.03(a) or clauses (2), (4), (5), (6), (13), (20), (21) (24) or (25) of this Section 4A.03(b) and (B) Permitted Refinancing Indebtedness secured by aircraft, airframes, engines, spare parts, flight simulators, flight training devices or other assets replacing, renewing, refunding, extending, refinancing, defeasing or discharging any other Indebtedness of the Issuer or any of its Restricted Subsidiaries that was secured by aircraft, airframes, engines, spare parts, flight simulators, flight training devices or other assets;

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness, Disqualified Stock or preferred stock (including Acquired Debt) (A) as part of, or to finance, the acquisition (including by way of merger) of any Permitted Business, (B) incurred in connection with, or as a result of, the merger, consolidation or amalgamation of any Person that owns a Permitted Business with or into the Issuer or a Restricted Subsidiary of the Issuer, or into which the Issuer or a Restricted Subsidiary of the Issuer is merged, consolidated or amalgamated, or (C) that is an outstanding obligation of a Person that owns a Permitted Business at the time that such Person is acquired by the Issuer or a Restricted Subsidiary of the Issuer and becomes a Restricted Subsidiary of the Issuer;

(7) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and/or any of its Restricted Subsidiaries; *provided, however*, that:

(A) if either the Guarantor or the Issuer is the obligor on such Indebtedness and the payee is not the Guarantor or the Issuer, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations of the Issuer then due with respect to the Securities, in the case of the Issuer, or all Guarantor Obligations then due, in the case of the Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer, will be deemed, in each case under this clause (B), to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any Restricted Subsidiaries of the Issuer to the Issuer or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(B) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (8);

(9) the incurrence by the Issuer or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business;

(10) the guarantee by the Issuer or any Restricted Subsidiary of the Issuer of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4A.03; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Securities, then such guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or reimbursement obligations in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance bonds and surety bonds in the ordinary course of business (including without limitation in respect of customs obligations, landing fees, taxes, airport charges, overfly rights and any other obligations to airport and governmental authorities);

(12) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(13) Indebtedness (A) constituting credit support or financing from aircraft or engine manufacturers or their affiliates or (B) incurred to finance the acquisition of aircraft, airframes, engines, spare parts, flight simulators, flight training devices, QEC Kits or other operating assets; *provided* that no Indebtedness may be incurred in reliance on subsection (B) of this clause (13) more than 24 months after such acquisition;

(14) Indebtedness issued to current or former directors, consultants, managers, officers and employees and their spouses or estates (a) to purchase or redeem Capital Stock of the Issuer issued to such director, consultant, manager, officer or employee in an aggregate principal amount not to exceed \$10.0 million in any 12-month period or (b) pursuant to any deferred compensation plan approved by the Board of Directors of the Issuer;

(15) reimbursement obligations in respect of standby or documentary letters of credit or banker's acceptances;

(16) surety and appeal bonds that do not secure judgments that constitute an Event of Default;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries to credit card processors in connection with credit card processing services incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries;

(18) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse to the Issuer or to any other Subsidiary of the Issuer or their assets (other than such Receivables Subsidiary and its assets and, as to the Issuer or any other Subsidiary of the Issuer, other than Standard Securitization Undertakings) and is not guaranteed by any such Person;

(19) the incurrence of Indebtedness of the Issuer or any of its Restricted Subsidiaries owed to one or more Persons in connection with the financing of insurance premiums in the ordinary course of business;

(20) the incurrence of obligations under the Co-Branded Agreement to the extent such obligations may be deemed to constitute Indebtedness of the Issuer or any of its Restricted Subsidiaries;

(21) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness and letters of credit (and reimbursement obligations with respect thereto) secured by a Junior Lien on the “Collateral” (as defined in the Revolving Credit Agreement), and Permitted Refinancing Indebtedness that is incurred to renew, refund, refinance, replace, defease, extend or discharge any other Indebtedness incurred pursuant to this clause (21), in an aggregate principal amount at any one time outstanding under this clause (21) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer or any Restricted Subsidiary thereunder and including all other Indebtedness permitted to be incurred under this clause (21) that will be outstanding after such incurrence and the application of the proceeds therefrom), not to exceed the Junior Lien Cap (as defined in the Revolving Credit Agreement);

(22) Indebtedness arising from agreements of the Issuer or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; *provided* that the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer or any of its Restricted Subsidiaries in connection with such disposition;

(23) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business and consistent with past practices of the Issuer or the applicable Restricted Subsidiary of the Issuer;

(24) the incurrence by the Issuer or any of its Restricted Subsidiaries of additional Indebtedness that is either (A) unsecured and expressly contractually subordinated to the prior payment in full in cash of all obligations of the Issuer with respect to the Securities and the Guarantor Obligations on terms not materially less favorable to the Holders than those customary at the time of incurrence (determined in good faith by a senior financial officer of the Issuer) for senior subordinated “high yield” debt securities or (B) unsecured, *pari passu* with all obligations of the Issuer with respect to the Securities and the Guarantor Obligations and convertible into common stock of the Issuer; *provided* that the aggregate principal amount of Indebtedness incurred pursuant to clauses (A) and (B) together, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (24), does not exceed \$500.0 million at any time outstanding; and

(25) the incurrence by the Issuer or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable), including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (25), not to exceed \$1.0 billion, at any time outstanding.

For purposes of determining compliance with this Section 4A.03, if an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (25) of Section 4A.03(b) hereof or is entitled to be incurred pursuant to Section 4A.03(a) hereof, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4A.03; *provided* that the term “Existing Indebtedness” will not include any Indebtedness that is permitted to be incurred under clauses (1) or (3) of this Section 4A.03(b).

None of the following will constitute an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4A.03:

- (1) the accrual of interest or preferred stock dividends;
- (2) the accretion or amortization of original issue discount;
- (3) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms;
- (4) the reclassification of preferred stock as Indebtedness due to a change in accounting principles; and
- (5) the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this Section 4A.03, the maximum amount of Indebtedness that the Issuer or any of its Restricted Subsidiaries may incur pursuant to this Section 4A.03 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness as of such date, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness as of such date, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (A) the Fair Market Value of such assets as of such date; and
 - (B) the amount of the Indebtedness of the other Person as of such date.

SECTION 4A.04 Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors of the Issuer may designate any Restricted Subsidiary of it (other than the Guarantor) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation. That designation will be permitted only if the Investment would be permitted at that time under Section 4A.01 and if the Restricted Subsidiary otherwise meets the definition of an “Unrestricted Subsidiary.”

(b) Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the preceding conditions. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will be permitted only if (i) such Indebtedness is permitted under Section 4A.03 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period and (ii) no Default would be in existence following such designation.

SECTION 4A.05 Termination of Supplemental Covenants. The covenants set forth in this Article IVA shall cease to be in effect and shall be terminated with respect to a Series of Securities upon the occurrence of any of the following: (i) the Indenture, dated as of August 18, 2010 (the “Continental Indenture”), among Continental, each of the guarantors party thereto, The Bank of New York Mellon Trust Company, N.A., as Trustee, and Wilmington Trust FSB, as Collateral Agent is discharged or (ii) Continental effects “Legal Defeasance” or “Covenant Defeasance” as defined in the Continental Indenture; provided that any such termination under this clause (ii) shall be solely with respect to the covenants in Article IVA that correspond to the covenants in the Continental Indenture that cease to be in effect as of a result of such “Legal Defeasance” or “Covenant Defeasance” If any covenants are terminated pursuant to this Section 4A.05, the Issuer shall give written notice thereof to the Trustee within ten Business Days after such termination.

ARTICLE V

Successor Companies

SECTION 5.01. Merger and Consolidation. The Issuer shall not consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all its properties and assets to, any Person, whether in a single transaction or a series of related transactions, unless:

(i) the Issuer is the surviving Person in such merger or the resulting, surviving or transferee Person (the “Successor Company”) shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Company (if not the Issuer) shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Securities and this Indenture;

(ii) immediately after giving effect to such transaction, no Default specified in Sections 6.01(1) or (2) or Event of Default with respect to any Series of Securities shall have occurred and be continuing; and

(iii) the Successor Company or the Issuer, as applicable, shall have delivered to the Trustee an Officers' Certificate and Opinion of Counsel each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

In the event of the assumption by the Successor Company of the obligations of the Issuer as provided above as a result of a merger or consolidation, such Successor Company shall succeed to and be substituted for the Issuer hereunder and under the Securities and all such obligations of the Issuer shall terminate; *provided, however*, that no sale, conveyance, transfer, lease or disposition shall have the effect of releasing the Person named as the "Issuer" in the first paragraph of this Indenture or any successor Person which shall theretofore have become such in the manner prescribed in this Article from its liability as obligor and maker on any of the Securities. For the avoidance of doubt, a transaction subject to this Section 5.01 may also be subject to Section 4.05 hereof.

ARTICLE VI

Defaults And Remedies

SECTION 6.01. Events of Default. In the case of any Series of Securities, each of the following constitutes an "Event of Default" with respect to such Series of Securities:

(1) default in any payment of the principal amount of, or premium, if any, on any Security of that Series when such amount becomes due and payable at Stated Maturity, upon acceleration, redemption or otherwise;

(2) failure to pay interest on any Security of that Series when such interest becomes due and payable, and such failure continues for a period of 30 days;

(3) failure to comply with any of the covenants or agreements applicable to Securities of that Series (other than those referred to in (1) or (2) above or (4) below) and such failure continues for 60 days after the notice specified below;

(4) failure by the Issuer (i) to mail notice of a Change of Control to each Holder within the time period provided in Section 4.05(a), or (ii) to comply with the provisions of Section 5.01;

(5) the Issuer or the Guarantor pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding;

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding or to the commencement of any case against it;

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property; or

(D) makes a general assignment for the benefit of its creditors or takes any comparable action under any foreign laws relating to insolvency;

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law, which remains unstayed and in effect for 60 days, that:

(A) is for relief against the Issuer or the Guarantor in an involuntary case or proceeding or adjudicates the Issuer or the Guarantor as insolvent or bankrupt;

(B) appoints a Custodian of the Issuer or the Guarantor or all or substantially all of its property; or

(C) orders the winding up or liquidation of the Issuer or the Guarantor or any similar relief is granted under any foreign laws; and

(7) the Guarantee with respect to such Series ceases to be in full force and effect or is declared null and void or the Guarantor denies that it has any further liability under such Guarantee (other than in any such case by reason of the termination, discharge, defeasance or release of such Guarantee in accordance with this Indenture), and such condition shall have continued for a period of 30 days after written notice of such condition requiring the Guarantor or the Issuer to remedy the same shall have been given to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of 25% in the aggregate outstanding principal amount of the Securities of such Series. For purposes of clarification, this 30-day grace period is in place of and not in addition to the 60-day grace period in clause (3) above.

The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (3) above is not an Event of Default with respect to any Series of Securities until the Trustee notifies the Issuer or the Holders of at least 25% in principal amount of the outstanding Securities of that Series notify the Issuer and the Trustee of the Default (such notice being a "Notice of Default") and the Issuer does not cure such Default within the time specified in clause (3) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

SECTION 6.02. Acceleration. If an Event of Default with respect to any Series of Securities at the time outstanding (other than an Event of Default specified in Section 6.01(5) or (6)) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of that Series by notice to the Issuer (and to the Trustee if such notice is given by the Holders), may declare the principal amount of, and accrued and unpaid interest on all the Securities of that Series to be due and payable. Upon such a declaration, such amounts (including premium, if any, then due and unpaid) shall be due and payable immediately. If an Event of Default specified in Section 6.01(5) or (6) occurs, the principal amount of, and accrued and unpaid interest on all the Securities of such Series shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in principal amount of the Securities of any Series by notice to the Trustee may rescind an acceleration of that Series of Securities and its consequences if (i) the rescission would not conflict with any judgment or decree, (ii) all existing Events of Default with respect to such Series of Securities have been cured or waived except nonpayment of the principal amount of, and accrued and unpaid interest on all Securities of that Series that has become due solely because of acceleration, and (iii) the Issuer or the Guarantor has paid or deposited with the Trustee a sum sufficient to pay: (A) all overdue installments of interest on all outstanding Securities of such Series; (B) the principal of (and premium, if any, on) and all other amounts due with respect to any outstanding Securities of such Series which have become due otherwise than by such acceleration; and (C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate specified in the Securities of such Series. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies. If an Event of Default with respect to any Series of Securities occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the principal amount of, premium, if any, and accrued and unpaid interest on the Securities of that Series or to enforce the performance of any provision of the Securities of that Series or this Indenture.

The Trustee may institute and maintain a suit or legal proceeding even if it does not possess any of the Securities of a Series or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default with respect to any Series of Securities shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No right or remedy is exclusive of any other right or remedy. All available rights and remedies are cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.04. Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the Securities of any Series then outstanding may by notice to the Trustee waive on behalf of the Holders of all Securities of such Series an existing Default and its consequences except (i) a Default in the payment of the principal amount of, and premium, if any, and accrued and unpaid interest on a Security of that Series, (ii) a Default arising from the failure to redeem or purchase any Security of that Series when required pursuant to the terms of this Indenture or (iii) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder of that Series affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority. The Holders of a majority in principal amount of the outstanding Securities of any Series (with each such Series voting as a class) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee with respect to that Series. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is (in the Trustee's reasonable judgment) unduly prejudicial to the rights of any other Holder of that Series or that would (in the Trustee's reasonable judgment) subject the Trustee to personal liability; *provided, however,* that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification reasonably satisfactory to it against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits. Except to enforce the right to receive payment of the principal amount of, and premium, if any, and accrued and unpaid interest on a Security of any Series when due, no Holder of a Security of that Series may pursue any remedy with respect to this Indenture or the Securities of that Series unless:

- (1) the Holder previously gave the Trustee written notice stating that an Event of Default with respect to that Series is continuing;
- (2) the Holders of at least 25%, in aggregate principal amount of the outstanding Securities of that Series make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders of that Series offer to the Trustee security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense to be, or which may be, incurred by the Trustee in complying with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and
- (5) the Holders of a majority in principal amount of the outstanding Securities of that Series do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Holder of Securities of any Series may not use this Indenture to prejudice the rights of another Holder of that Series or to obtain a preference or priority over another Holder of that Series.

SECTION 6.07. Rights of Holders to Receive Payment. The right of any Holder to receive payment of the principal amount of, and premium, if any, and accrued and unpaid interest on the Securities held by such Holder, on or after their Maturity, or to bring suit for the enforcement of any such payment on or after their Maturity, shall be absolute and unconditional (subject to the terms of this Indenture) and shall not be impaired or affected without the consent of such Holder (notwithstanding any other provision of this Indenture).

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing with respect to a Series of Securities, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer or the Guarantor for the whole amount then due and owing by the Issuer or the Guarantor (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

If an Event of Default with respect to Securities of any Series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such Series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Issuer or the Guarantor or any of their respective Subsidiaries, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities. If any money or property is collected by the Trustee pursuant to this Article VI with respect to any Series of Securities, or while an Event of Default is continuing, any moneys or properties are distributable in respect of the Issuer's or the Guarantor's obligations under this Indenture, such moneys or properties shall be paid out or distributed in the following order:

FIRST: to the Trustee and any predecessor Trustee for amounts due under Section 7.07;

SECOND: to Holders for amounts due and unpaid on the Securities of that Series for the principal amount of, and premium, if any, and accrued and unpaid interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities of that Series for the principal amount of, and premium, if any, and accrued and unpaid interest, respectively; and

THIRD: to the Issuer.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail to each Holder and the Issuer a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing, by any party litigant in the suit, of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Securities of any Series.

SECTION 6.12. Waiver of Stay or Extension Laws. Neither the Issuer nor the Guarantor (to the extent it may lawfully do so) shall at any time insist upon, plead, or in any manner whatsoever claim to take the benefit or advantage of, any stay or extension law, wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Issuer or the Guarantor from paying all or any portion of the principal of or premium or interest on any Securities when the same becomes due and payable at the Stated Maturity or on redemption, repurchase at the option of the Holders or otherwise as contemplated herein, or may affect the covenants contained herein or any usury or other law or the performance of this Indenture; and each of the Issuer and the Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 6.13. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

ARTICLE VII

Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing with respect to any Series of Securities, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default with respect to any Series of Securities:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Securities of that Series, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may, with respect to Securities of that Series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(e) Money held in trust by the Trustee need not be segregated from funds except to the extent required by law.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

SECTION 7.02. Rights of Trustee. (a) The Trustee may conclusively rely on any document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however*, that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities, shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default with respect to the Securities of any Series unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or Event of Default given by the Issuer or by the Holders of at least 25% of the aggregate principal amount of Securities of that Series then outstanding is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references such Securities and this Indenture.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to and shall be enforceable by the Trustee in each of its capacities hereunder, and to each Agent, custodian and other Person employed to act hereunder.

(i) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by the Trustee in compliance with such request or direction.

(j) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate.

(k) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee.

(l) In no event shall the Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil, or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities or the Guarantees, it shall not be accountable for the Issuer's use of the proceeds from the Securities, it shall not be accountable for funds received and disbursed in accordance with this Indenture and it shall not be responsible for any statement in this Indenture, in the Securities, or in any document executed or used in connection with the sale of the Securities, other than those set forth in the Trustee's certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default with respect to Securities of any Series occurs and is continuing and if it is actually known to a Trust Officer of the Trustee, the Trustee shall mail to each Holder of that Series notice of the Default within 30 days after it occurs. Except in the case of a Default with respect to Securities of any Series in payment of the principal amount of, and premium, if any, and accrued and unpaid interest on any Security of that Series, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Holders.

SECTION 7.06. Reports by Trustee to Holder. Within 60 days after May 15 of each year beginning with the first May 15 following the date of this Indenture for so long as Securities remain outstanding, the Trustee shall mail to each Holder as provided in Section 313(c) of the Trust Indenture Act a brief report dated as of such reporting date that complies with Section 313(a) of the Trust Indenture Act. The Trustee shall also comply with Section 313 (b)(2) of the Trust Indenture Act.

A copy of each report at the time of its mailing to Holders shall be filed with the SEC and each stock exchange (if any) on which the Securities are listed. The Issuer agrees to notify promptly the Trustee whenever such Securities become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Issuer shall pay to the Trustee from time to time such compensation for its services as the Issuer and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it in connection with such Series, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts in connection with such Series. The Issuer shall indemnify the Trustee against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by or in connection with the administration of this trust and the performance of its duties or exercise of its rights or powers hereunder. The Trustee shall notify the Issuer of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure so to notify the Issuer shall not relieve the Issuer of its indemnity obligations hereunder. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct or negligence.

To secure the payment obligations pursuant to this Section of the Issuer with respect to a Series, the Trustee shall have a lien prior to the Securities of such Series on all money or property held or collected by the Trustee in connection with such Series other than money or property held in trust to pay the principal of and premium and interest on particular Securities.

The Issuer's payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law or the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(5) or (6) with respect to the Issuer or the Guarantor, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

"Trustee" for the purposes of this Section 7.07 shall include any predecessor Trustee and the Trustee in each of its capacities hereunder and each Agent, custodian and other Person employed to act hereunder; *provided, however*, that the negligence or willful misconduct of any Trustee hereunder shall not affect the rights of any other Trustee hereunder.

SECTION 7.08. Replacement of Trustee. The Trustee may resign at any time with respect to the Securities of any Series by so notifying the Issuer. The Holders of a majority in principal amount of the Securities of any Series may remove the Trustee and may appoint a successor Trustee with respect to such Series of Securities. The Issuer shall remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged bankrupt or insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its property; or
- (4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuer or by the Holders of a majority in principal amount of the Securities of any Series or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee) and such Holders do not reasonably promptly appoint a successor Trustee, the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of that Series of Securities. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Securities of that Series may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder of that Series of Securities may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate-trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and if at that time any of the Securities shall not have been authenticated, any such successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. At all times, the Trustee shall satisfy the requirements of Trust Indenture Act Section 310(a). The Trustee shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with Trust Indenture Act Section 310(b); *provided, however*, that there shall be excluded from the operation of Trust Indenture Act Section 310(b)(1) each Series and any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Trust Indenture Act Section 310(b)(1) are met.

SECTION 7.11. Preferential Collection of Claims Against the Issuer. The Trustee shall comply with Trust Indenture Act Section 311(a), excluding any creditor relationship listed in Trust Indenture Act Section 311(b). A Trustee who has resigned or has been removed shall be subject to Trust Indenture Act Section 311(a) to the extent indicated.

ARTICLE VIII

Legal Defeasance And Covenant Defeasance; Satisfaction And Discharge

SECTION 8.01. Option to Effect Legal Defeasance or Covenant Defeasance. At the option of the Issuer's Board of Directors evidenced by resolutions set forth in an Officers' Certificate, at any time, the Issuer may elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Securities of any Series upon compliance with the conditions set forth below in Section 8.04.

SECTION 8.02. Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02 with respect to any Series of Securities, the Issuer (and any Guarantor with respect to such Series) shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Securities of that Series on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities of that Series, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Securities of that Series to receive solely from the funds deposited in trust with the Trustee described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, and premium, if any, and interest on such Securities when such payments are due;

(b) Section 4.06 and the Issuer's obligations with respect to such Securities of that Series under Article II;

(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuer's obligations in connection therewith; and

(d) this Article VIII.

Subject to compliance with this Article VIII, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 with respect to any Series of Securities, the Issuer (and any Guarantor with respect to such Series) shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Article IVA and Article V with respect to the outstanding Securities of that Series on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Securities of that Series shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities of that Series, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document, and such omission to comply shall not constitute a Default or an Event of Default with respect to such Securities under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 8.04. Conditions to Legal or Covenant Defeasance. The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Securities of any Series:

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to any Series of Securities:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of that Series of Securities, U.S. dollars, Government Securities (which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, United States dollars), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized independent registered public accounting firm, to pay the principal of, and premium, if any, and interest on the outstanding Securities of that Series on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of an election under Section 8.02 hereof, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that:

(a) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Securities of that Series will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Securities of that Series will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Event of Default with respect to that Series of Securities shall have occurred and be continuing either:

(x) on the date of such deposit (other than an Event of Default with respect to that Series of Securities resulting from the borrowing of funds to be applied to such deposit); or

(y) insofar as Sections 6.01(5) or 6.01(6) hereof are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Issuer is a party or by which the Issuer is bound;

(6) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of that Series of Securities over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;

(7) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a Default or Event of Default under, this Indenture.

SECTION 8.05. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of any outstanding Series of Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law. Money so held in trust is not subject to the Trustee's rights under Section 7.07.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities of that Series.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon the request of the Issuer any money or Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized independent registered public accounting firm expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. Repayment to the Issuer. Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, and premium, if any, or interest on any Security of a Series and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Security, as an unsecured general creditor, shall thereafter look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in the New York Times and The Wall Street Journal (national edition), or cause to be mailed to such Holder, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 8.07. Reinstatement. If the Trustee or Paying Agent is unable to apply any U.S. dollars or Government Securities in accordance with Section 8.02 or 8.03 thereof, as the case may be, with respect to any Series of Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations of the Issuer under this Indenture with respect to the Securities of such Series shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such

money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Issuer makes any payment of principal of, and premium, if any, or interest on any Security following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

SECTION 8.08. Satisfaction and Discharge of Indenture. Except as set forth below, upon request of the Issuer, this Indenture shall cease to be of further effect with respect to any Series of Securities specified in such request (except as to any surviving rights of registration of transfer or exchange of Securities of such Series expressly provided for herein or pursuant hereto) and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such Series when

(1) either

(A) all Securities of such Series theretofore authenticated and delivered (other than Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.08 and Securities for whose payment money has theretofore been deposited in trust by the Issuer with the Trustee or any Paying Agent or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided in Section 8.06) have been delivered to the Trustee for cancellation; or

(B) all Securities of such Series

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Issuer, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer,

and the Issuer, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose, solely for the benefit of the Holders, immediately available funds in U.S. dollars in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or redemption date, as the case may be; provided, however, that there shall not exist on the date of such deposit a Default or Event of Default; provided, further, that such deposit shall not result in a breach or violation of, or constitute a Default under this Indenture or a default under any other agreement or instrument to which the Issuer or the Guarantor is a party or to which the Issuer or the Guarantor is bound;

(2) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(3) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such Series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, (i) the obligations of the Issuer to the Trustee under Section 7.07, (ii) the obligations under Section 4.06 and (iii) if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Sections 8.06 and 8.09, shall survive such satisfaction and discharge of this Indenture.

SECTION 8.09. Application of Trust Money. Subject to the provisions of Section 8.06, all money deposited with the Trustee pursuant Section 8.08 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest, if any, for whose payment such money has been deposited with or received by the Trustee; but such money need not be segregated from other funds except to the extent required by law. Money so held in trust is not subject to the Trustee's rights under Section 7.07.

ARTICLE IX

Amendments

SECTION 9.01. Without Consent of Holders. The Issuer, the Guarantor and the Trustee may amend this Indenture as it applies to any Series of Securities or any of the other terms of such Series without notice to or consent of any Holder:

(1) to evidence the succession of another Person to the Issuer or the Guarantor pursuant to Article V or Article X, as the case may be, and the assumption by such successor of the Issuer's or the Guarantor's, as applicable, covenants, agreements and obligations in this Indenture and with respect to the Securities and the Guarantee;

(2) to surrender any right or power conferred upon the Issuer, to add to the covenants such further covenants, restrictions, conditions or provisions for the protection of the Holders of such Series of Securities and to make the occurrence, or the occurrence and continuance, of a default in respect of any such additional covenants, restrictions, conditions or provisions a Default or an Event of Default under this Indenture with respect to such Series; *provided, however*, that with respect to any such additional covenant, restriction, condition or provision, such amendment may provide for a period of grace after default, which may be shorter or longer than that allowed in the case of other Defaults, may provide for an immediate enforcement upon such Default, may limit the remedies available to the Trustee upon such Default or may limit the right of Holders of a majority in aggregate principal amount of the Securities of any Series to waive such default;

(3) to cure any ambiguity or correct or supplement any provision contained in this Indenture or in any Securities that may be defective or inconsistent with any other provision contained therein;

(4) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not adversely affect the interests of any Holders of Securities of such Series;

(5) to modify or amend this Indenture in such a manner as to permit the qualification of this Indenture or any supplemental indenture under the Trust Indenture Act as then in effect;

(6) to permit Securities in registered form to be exchanged for Securities in bearer form, or to permit or facilitate the issuance of Securities of such Series in uncertificated form, provided that any such action shall not adversely affect the interests of the Holders of Securities in any material respect;

(7) to add Guarantees with respect to the Securities or to secure the Securities;

(8) to make any change that does not adversely affect the rights of any Holder of Securities of such Series; or

(9) to evidence and provide for the acceptance of appointment by a successor or separate Trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of this Indenture by more than one Trustee.

The Issuer, the Guarantor and the Trustee may amend this Indenture without notice to or consent of any Holder to add to, change, or eliminate any of the provisions of this Indenture, so long as any such addition, change or elimination not otherwise permitted under this Indenture shall (A) neither apply to any Security of any Series outstanding at the time of the execution of such supplemental indenture and entitled to the benefit of such provision nor modify the rights of the Holders of any such Security with respect to the benefit of such provision or (B) become effective only when there is no such Security outstanding.

SECTION 9.02. With Consent of Holders. The Issuer, the Guarantor and the Trustee may amend this Indenture as it applies to any Series of Securities or any of the other terms of such Series with the written consent of the Holders of at least a majority in principal amount of the Securities of such Series then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities). However, without the consent of each Holder of an affected Security, an amendment may not:

(1) make any change to the percentage of principal amount of the outstanding Securities of the applicable Series, the consent of whose Holders is required for any amendment, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture;

(2) make any change that adversely affects such Holder's right to require the Issuer to purchase such Security in accordance with the terms thereof and this Indenture;

(3) except as provided under Article VIII hereof or in accordance with the terms of any Guarantee, release any Guarantor from any of its obligations under its Guarantee or make any change in a Guarantee that would adversely affect such Holder;

(4) make any change in Section 6.04 or 6.07 or this Section 9.02, except to increase any percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holders of each Security outstanding affected thereby;

(5) change the Scheduled Maturity of any Security, or reduce the principal amount thereof or the premium, if any, or the rate of interest thereon, or change the coin or currency in which, any Securities or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(6) change any obligation of the Issuer to maintain an office or agency in the places and for the purposes specified in Section 2.04;

(7) provide for the subordination of a Security or the Guarantee to any obligation of the Issuer or the Guarantor, respectively; or

(8) reduce the redemption price of any Securities.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Section becomes effective, the Issuer shall mail to all affected Holders a notice briefly describing such amendment. The failure to give such notice to all such Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

An amendment of this Indenture that is approved by the Holders of a particular Series of Securities shall be deemed not to affect the rights under this Indenture of the Holders of any other Series of Securities unless such amendment shall also be approved by the requisite Holders of such other Series of Securities.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Securities shall comply with the Trust Indenture Act as then in effect.

SECTION 9.04. Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation

before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder. An amendment becomes effective once both (i) the requisite number of consents have been received by the Issuer or the Trustee and (ii) such amendment has been executed by the Issuer and the Trustee. A waiver becomes effective when the requisite Holders have executed such waiver.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date.

SECTION 9.05. Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 9.06. Trustee To Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article IX if the amendment does not affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Issuer and the Guarantor enforceable against it in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

SECTION 9.07. Payment for Consent. Neither the Issuer nor any Affiliate of the Issuer shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of Securities of a Series for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities unless such consideration is offered to be paid to all Holders of Securities of such Series, ratably, that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

ARTICLE X

Guarantees

SECTION 10.01. Guarantees. The Guarantor hereby fully and unconditionally guarantees to each Holder of each Security which is authenticated and delivered by the Trustee, and to the Trustee for itself and on behalf of each such Holder, the due and punctual payment in full, of the principal of, and premium, if any, and interest (including, in case of default, interest on principal and, to the extent permitted by applicable law, on overdue interest and including any additional interest required to be paid according to the terms of any such Security), if any, on such Security, when and as the same shall become due and payable, whether at Stated Maturity, upon redemption, upon acceleration, upon tender for repayment at the option of any Holder or otherwise, according to the terms thereof and of this Indenture and all other obligations of the Issuer with respect to such Security to the Holder or the Trustee hereunder or thereunder (the "Guarantor Obligations"). In case of the failure of the Issuer or any successor thereto punctually to pay in full any such principal, premium or interest, the Guarantor hereby agrees to cause any such payment to be made punctually in full when and as the same shall become due and payable, whether at Stated Maturity, upon redemption, upon declaration of acceleration, or otherwise, as if such payment were made by the Issuer. The Guarantor agrees that this Guarantee is a guarantee of payment and not a guarantee of collection.

The Guarantor hereby agrees that its Guarantor Obligations hereunder with respect to any Securities shall be as if it were principal debtor and not merely surety and shall be absolute and unconditional, irrespective of the identity of the Issuer, the validity, regularity or enforceability of any such Security appertaining thereto or this Indenture, the absence of any action to enforce the same, any waiver or consent by the Holder of any such Security with respect to any provisions thereof, the recovery of any judgment against the Issuer or any action to enforce the same, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor including but not limited to: (A) any right to require any of the Trustee, the Holders or the Issuer (each a "Benefited Party"), as a condition of payment or performance by the Guarantor, to (1) proceed against the Guarantor, the Issuer or any other Person, (2) proceed against or exhaust any security held from the Guarantor, the Issuer or any other Person or (3) proceed against or have to resort to any balance of any deposit account or credit on the books of any Benefited Party in favor of the Guarantor, the Issuer or any other Person, and (B) any defense based on or arising out of the lack of validity or the unenforceability of the obligations under this Guarantee or any agreement or instrument relating hereto. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that its Guarantee will not be discharged except by complete performance of its obligations contained in any such Security and in this Guarantee.

If the Trustee or the Holder of any Security is required by any court or otherwise to return to the Issuer or the Guarantor, or any custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official acting in relation to the Issuer or the Guarantor, any amount paid to the Trustee or such Holder in respect of a Security included in such Guarantor's Guarantor Obligations, the applicable Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor further agrees, to the fullest extent that it may lawfully do so, that, as between the Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations included in such Guarantor's Guarantor Obligations may be accelerated as provided in Article VI hereof for the purposes of the applicable Guarantee, notwithstanding any stay, injunction or other prohibition extant under any applicable bankruptcy law preventing such acceleration in respect of the obligations guaranteed hereby and (2) in the event of any declaration of acceleration of such obligations as provided in Article VI hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantor for the purpose of this Guarantee.

The Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment and performance in full of all obligations guaranteed hereby, provided that the foregoing shall not be deemed to restrict any separate indemnity agreement between the Issuer and the Guarantor.

The Guarantor hereby agrees to pay any and all costs and expenses incurred by the Trustee in enforcing its respective rights under the Guarantee.

The Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation or reorganization, should the Issuer become insolvent or make an assignment for the benefit of creditors or should a custodian be appointed for all or any significant part of the Issuer's assets.

SECTION 10.02. Execution and Delivery of Guarantees. To evidence its Guarantees with respect to Securities of any Series, the Guarantor hereby agrees to execute such Guarantees, in a form included on Exhibit D hereto, to be endorsed on each Security of such Series authenticated and delivered by the Trustee. Each such Guarantee shall be executed on behalf of the Guarantor by the Chairman of the Board, the chief executive officer, the chief financial officer, the president, any vice president, the treasurer, the controller or the secretary of such Guarantor. The signature of any of these officers on the Guarantees may be manual or facsimile.

Guarantees bearing the manual or facsimile signatures of the individuals who were the proper officers of the Guarantor shall bind the Guarantor, notwithstanding that such individuals or any of them have ceased to hold such offices prior to or after the authentication and delivery of the Securities upon which such Guarantees are endorsed or did not hold such offices at the date of such Securities.

The delivery of any Securities by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantees endorsed thereon on behalf of the Guarantor. The Guarantor hereby agrees that its Guarantees made pursuant to this Article X shall remain in full force and effect notwithstanding any failure to endorse on each such Security a notation of such Guarantee.

SECTION 10.03. Limitation of Guarantor's Liability. The Guarantor and, by its acceptance of a Security guaranteed by such Guarantor, each Holder of such Security hereby confirms that it is the intention of all such parties that in no event shall any Guarantor Obligations under the Guarantees constitute or result in a fraudulent transfer or conveyance for purposes of, or result in a violation of, any United States federal, or applicable United States state, fraudulent transfer or conveyance or similar law. To effectuate the foregoing intention, in the event that the Guarantor Obligations in respect of the Securities of any Series would, but for this sentence, constitute or result in such a fraudulent transfer or conveyance or violation, then the liability of the Guarantor under its Guarantees in respect of the Securities of such Series shall be reduced to the extent necessary to eliminate such fraudulent transfer or conveyance or violation under the applicable fraudulent transfer or conveyance or similar law.

SECTION 10.04. Merger and Consolidation. The Guarantor shall not consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all its properties and assets to, any Person, whether in a single transaction or a series of related transactions, unless:

(i) the Guarantor is the surviving Person in such merger or the resulting, surviving or transferee Person (the "Successor Guarantor") shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Guarantor (if not the Guarantor) shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Guarantor under the Guarantee of the Securities and this Indenture;

(ii) immediately after giving effect to such transaction no Default under Section 6.01(1) or (2) or Event of Default with respect to any Series guaranteed by the Guarantor shall have occurred and be continuing; and

(iii) the Successor Guarantor or the Guarantor, as applicable, shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

In the event of the assumption by the Successor Guarantor of the obligations of the Guarantor as provided above as a result of a merger or consolidation, such Successor Guarantor shall succeed to and be substituted for the Guarantor hereunder and under the Securities and the Guarantee and all such obligations of the Guarantor shall terminate; *provided, however*, that no sale, conveyance, transfer, lease or disposition shall have the effect of releasing the Person named as the "Guarantor" in the first paragraph of this Indenture or any successor Person which shall theretofore have become such in the manner prescribed in this Article from its liability as guarantor under the Guarantee.

A Successor Guarantor may cause to be signed any or all of the Guarantees to be endorsed upon all of the Securities issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

ARTICLE XI

Miscellaneous

SECTION 11.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the Trust Indenture Act, the required provision shall control.

SECTION 11.02. Notices. Any notice or communication shall be in writing and delivered in person, by facsimile or mailed by first-class mail or sent by overnight courier guaranteeing next Business Day delivery addressed as follows:

If to the Issuer:

United Continental Holdings, Inc.
77 W. Wacker Drive
Chicago, Illinois 60601
Attention: Treasurer

If to the Guarantor:

United Air Lines, Inc.
77 W. Wacker Drive
Chicago, Illinois 60601
Attention: Treasurer

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
Chicago Corporate Trust
2 North LaSalle St.
Suite 1020
Chicago, IL 60602
Facsimile: (312) 827-8542

An Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Holder shall be mailed to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 11.03. Communication by Holders with Other Holders. Holders may communicate pursuant to Trust Indenture Act Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Issuer, the Guarantor, the Trustee, the Registrar and anyone else shall have the protection of Trust Indenture Act Section 312(c).

SECTION 11.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer or the Guarantor to the Trustee to take or refrain from taking any action under this Indenture, the Issuer or the Guarantor, as the case may be, shall furnish to the Trustee:

(1) an Officers' Certificate of the Issuer or the Guarantor, as the case may be, in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with.

SECTION 11.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 11.06. Severability. If any provision in this Indenture is deemed unenforceable, it shall not affect the validity or enforceability of any other provision set forth herein, or of this Indenture as a whole.

SECTION 11.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 11.08. Legal Holidays. A "Legal Holiday" is a Saturday, Sunday or other day on which banking institutions in New York State are authorized or required by law to close. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular Record Date is a Legal Holiday, the Record Date shall not be affected.

SECTION 11.09. Governing Law. THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

SECTION 11.10. No Recourse Against Others. A director, officer, employee or shareholder, as such, of the Issuer or the Guarantor shall not have any liability for any obligations of the Issuer or the Guarantor under the Securities, the Guarantees or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issuance of the Securities.

SECTION 11.11. Successors. All agreements of the Issuer and the Guarantor in this Indenture, the Securities and the Guarantees shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy of this Indenture is enough to prove this Indenture.

SECTION 11.13. Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

[Signature Page to follow]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

UNITED CONTINENTAL HOLDINGS, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President Finance and Treasurer

UNITED AIR LINES, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President Finance and Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee

By: /s/ Lawrence M. Kusch
Name: Lawrence M. Kusch
Title: Vice President

The Series A Securities shall have the following terms:

1. Title: 6% Notes due 2026.
2. Aggregate Principal Amount: \$326,192,000 (except for Securities authenticated and delivered upon registration of transfer of, in exchange for, or in lieu of, other Series A Securities).
3. Stated Maturity: The outstanding principal amount of the Series A Securities shall be due and payable in full on July 15, 2026.
4. Interest Rate: The Issuer shall pay interest on the Series A Securities at a rate per annum of 6% (calculated on the basis of a 360-day year of twelve 30-day months), payable semi-annually in arrears on January 15 and July 15 in each year (each, an "Interest Payment Date") until the principal thereof has been paid in full, commencing on July 15, 2013, to the Persons in whose names the Series A Securities are registered at the close of business on the next preceding January 1 and July 1, respectively (each such date being referred to as the "Record Date" with respect to the next subsequent Interest Payment Date). Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of this Indenture. The Issuer shall pay interest on demand of the Trustee at a rate per annum of 7% (calculated on the basis of a 360-day year of twelve 30-day months) on any overdue principal of (and premium, if any, on) the Series A Securities and (to the extent enforceable under applicable law) on any overdue installment of interest thereon (without regard to any applicable grace period).
5. Optional Redemption. The Series A Securities may be redeemed at the option of the Issuer at any time, in whole or in part, pursuant to Article III of the Indenture at a redemption price of 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the redemption date, but without premium or penalty.

The Series B Securities shall have the following terms:

1. Title: 6% Notes due 2028.
2. Aggregate Principal Amount: \$326,191,000 (except for Securities authenticated and delivered upon registration of transfer of, in exchange for, or in lieu of, other Series B Securities).
3. Stated Maturity: The outstanding principal amount of the Series B Securities shall be due and payable in full on July 15, 2028.
4. Interest Rate: The Issuer shall pay interest on the Series B Securities at a rate per annum of 6% (calculated on the basis of a 360-day year of twelve 30-day months), payable semi-annually in arrears on January 15 and July 15 in each year (each, an "Interest Payment Date") until the principal thereof has been paid in full, commencing on July 15, 2013, to the Persons in whose names the Series B Securities are registered at the close of business on the next preceding January 1 and July 1, respectively (each such date being referred to as the "Record Date" with respect to the next subsequent Interest Payment Date). Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of this Indenture. The Issuer shall pay interest on demand of the Trustee at a rate per annum of 7% (calculated on the basis of a 360-day year of twelve 30-day months) on any overdue principal of (and premium, if any, on) the Series B Securities and (to the extent enforceable under applicable law) on any overdue installment of interest thereon (without regard to any applicable grace period).
5. Optional Redemption. The Series B Securities may be redeemed at the option of the Issuer at any time, in whole or in part, pursuant to Article III of the Indenture at a redemption price of 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the redemption date, but without premium or penalty.

The Series C Securities shall have the following terms:

1. Title: 8% Notes due 2024.
2. Aggregate Principal Amount: \$400,000,000 (except for Securities authenticated and delivered upon registration of transfer of, in exchange for, or in lieu of, other Series C Securities).
3. Stated Maturity: The outstanding principal amount of the Series C Securities shall be due and payable in full on July 15, 2024.
4. Interest Rate: The Issuer shall pay interest on the Series C Securities at a rate per annum of 8% (calculated on the basis of a 360-day year of twelve 30-day months), payable semi-annually in arrears on January 15 and July 15 in each year (each, an "Interest Payment Date") until the principal thereof has been paid in full, commencing on July 15, 2013, to the Persons in whose names the Series C Securities are registered at the close of business on the next preceding January 1 and July 1, respectively (each such date being referred to as the "Record Date" with respect to the next subsequent Interest Payment Date). Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of this Indenture. The Issuer shall pay interest on demand of the Trustee at a rate per annum of 9% (calculated on the basis of a 360-day year of twelve 30-day months) on any overdue principal of (and premium, if any, on) the Series C Securities and (to the extent enforceable under applicable law) on any overdue installment of interest thereon (without regard to any applicable grace period).
5. Optional Redemption. The Series C Securities may be redeemed at the option of the Issuer at any time, in whole or in part, pursuant to Article III of the Indenture at a redemption price of 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to the redemption date, but without premium or penalty.

**SECOND AMENDMENT TO
UNITED CONTINENTAL HOLDINGS, INC.
PERFORMANCE-BASED RSU PROGRAM**

WHEREAS, the United Continental Holdings, Inc. Performance-Based RSU Program, as amended (the “Program”), has heretofore been adopted by the Compensation Committee (the “Committee”) of the Board of Directors of United Continental Holdings, Inc. to implement in part the “RSU” and “Performance Compensation Award” provisions of the United Continental Holdings, Inc. 2008 Incentive Compensation Plan, as amended from time to time; and

WHEREAS, the Committee is authorized to amend the Program; and

WHEREAS, the Committee desires to amend the Program in certain respects;

NOW, THEREFORE, the Program shall be amended as follows, effective with respect to Performance Periods (as such term is defined in the Program) beginning on or after January 1, 2013:

1. Section 2.1(b) of the Program shall be deleted.

2. Section 2.1(h) of the Program shall be deleted and the following shall be substituted therefor:

“(h) “Change of Control Level ROIC” means, with respect to a Performance Period, the percentage established by the Committee to be the Change of Control Level ROIC with respect to such Performance Period pursuant to Section 3.1.”

3. Section 2.1(o) of the Program shall be deleted and the following shall be substituted therefor:

“(o) “Entry Level ROIC” means, with respect to a Performance Period, the percentage established by the Committee to be the Entry Level ROIC with respect to such Performance Period pursuant to Section 3.1.”

4. Section 2.1(bb) of the Program shall be deleted and the following shall be substituted therefor:

“(bb) “ROIC” means, with respect to each Performance Period and determined based on the regularly prepared and publicly available statements of operations of the Company prepared in accordance with applicable accounting rules, “Net Operating Profit After Tax” for such Performance Period divided by “Average Invested Capital” for such Performance Period (expressed as a percentage carried to two decimal points), where:

“Net Operating Profit After Tax” means the following:

The difference between (i) the sum of (A) the aggregate consolidated net income of the Company for such Performance Period (adjusted to exclude any item that is special, extraordinary or unusual in nature or infrequent in

occurrence (as determined in accordance with applicable accounting rules) and any unrealized gains or losses from hedging activities), (B) the aggregate consolidated interest expense and income taxes incurred by the Company for such Performance Period, (C) the portion of the aggregate capitalized aircraft rent for all aircraft where the Company is the named lessor for such Performance Period that represents interest (which shall be calculated as the sum of such amounts for each calendar year within such Performance Period based on the average interest rate incurred by the Company on book debt during such year), and (D) the aggregate consolidated interest expense for such Performance Period on pension and post-retirement obligations less the aggregate consolidated expected returns for such Performance Period on pension assets, and (ii) the aggregate consolidated income taxes that would have been paid for such Performance Period with respect to the sum described in clause (i) above based on the income tax rate implied by actual taxes paid as a percentage of consolidated net income determined in accordance with U.S. generally accepted accounting principles; and

“Average Invested Capital” means the average “Invested Capital” for the years included in such Performance Period, where “Invested Capital” means the following:

With respect to each such year, the average of an amount equal to “**A**” plus “**B**” minus “**C**” for each of (i) the fiscal quarter immediately preceding such year and (ii) the four fiscal quarters within such year, where:

“**A**” equals the aggregate consolidated total assets of the Company as of the last day of such fiscal quarter;

“**B**” equals the aggregate consolidated capitalized aircraft rent for aircraft leases where the Company is the named lessor for such fiscal quarter, which is measured by multiplying the aircraft rent expense (mainline and regional) for the trailing 12-month period ending in such fiscal quarter by 7.0; and

“**C**” equals the aggregate consolidated non-interest bearing liabilities of the Company (both current and long term), but excluding pre-paid mileage sale obligations, as of the last day of such fiscal quarter.”

5. Section 2.1(ee) of the Program shall be deleted and the following shall be substituted therefor:

“(ee) “Stretch Level ROIC” means, with respect to a Performance Period, the percentage established by the Committee to be the Stretch Level ROIC with respect to such Performance Period pursuant to Section 3.1.”

6. Section 2.1(hh) of the Program shall be deleted and the following shall be substituted therefor:

“(hh) “Target Level ROIC” means, with respect to a Performance Period, the percentage established by the Committee to be the Target Level ROIC with respect to such Performance Period pursuant to Section 3.1.”

7. As amended hereby, the Program is specifically ratified and reaffirmed.

**PERFORMANCE-BASED RSU AWARD NOTICE
to [Name]**

**Pursuant to the United Continental Holdings, Inc.
Performance-Based RSU Program**

Performance Period January 1, 20[____] to December 31, 20[____]

1. **The Program.** This document constitutes your formal Award Notice with respect to an Award of RSUs as a Participant under the United Continental Holdings, Inc. Performance-Based RSU Program (as amended from time to time, the "Program") adopted under the United Continental Holdings, Inc. 2008 Incentive Compensation Plan (as amended from time to time, the "ICP"). This Award Notice evidences your receipt of an award of RSUs under the Program with respect to the performance period commencing on January 1, 20[____] and ending on December 31, 20[____] (the "Performance Period"), subject to the terms of the Program and the ICP. The effective date of your commencement in the Program with respect to this Award is [_____, 20____].

2. **Number of RSUs; The Goal.** The Compensation Committee of the Board of Directors of the Company (the "Committee") has established certain performance goals for RSUs under the Program. The Committee has established the following terms and performance goals with respect to your Award:

(a) **RSUs.** The number of RSUs subject to this Award as of the effective date of grant is _____.

(b) **Performance Target.** Achievement of the Performance Target for the Performance Period means that the Company's return on invested capital ("ROIC") for the Performance Period equals or exceeds the Entry Level ROIC for the Performance Period. ROIC (which is more specifically defined in the Program) is calculated as the Company's Net Operating Profit After Tax for such Performance Period divided by Average Invested Capital. The entry, target, and stretch ROIC performance levels for the Performance Period are as follows:

- i. Entry Level ROIC: _____%;
- ii. Target Level ROIC: _____%; and
- iii. Stretch Level ROIC: _____%.

If a Change of Control occurs during the Performance Period, then the ROIC for the Performance Period will be deemed to be equal to _____.

3. **Payout upon Achievement of Goal.**

(a) **Payment Amount.** If the ROIC for the Performance Period equals or exceeds the Entry Level ROIC for the Performance Period and you have remained continuously employed by the Company or a subsidiary through the end of the Performance Period, then the Payment Amount with respect to this Award will be an amount equal to (i) the number of RSUs subject to your Award for the Performance Period, multiplied by (ii) your Vested Percentage for the Performance Period, multiplied by (iii) the Fair Market Value (which is the average closing sales

price over 20 consecutive Trading Days) of the Company's stock as of the Payment Computation Date for the Performance Period (which is generally the last day of the Performance Period, subject to limited exceptions). [Notwithstanding the foregoing, in no event will the payment under the Program with respect to an RSU subject to this Award exceed an amount equal to \$_____ (the "Maximum Payment Amount"), which amount is subject to adjustment as provided in the Program.]¹

(b) **Vested Percentage.** Your Vested Percentage with respect to the Performance Period will be determined in accordance with the following table [(straight line interpolation will be used between levels)]:

<u>Level of ROIC Achieved</u>	<u>Vested Percentage</u>
Entry Level ROIC	____ % (Entry Level RSU Percentage)
Target Level ROIC	____ % (Target Level RSU Percentage)
Stretch Level ROIC (or higher)	100% (Stretch Level RSU Percentage)

4. **Continuous Employment Required.** Receipt of a Payment Amount is conditioned on your continuous employment with the Company or its subsidiaries through the last day of the Performance Period (with limited exceptions, as described in the Program).

5. **Pro-Rated Payment.** Your Payment Amount may be prorated as provided in the Program under certain circumstances.

6. **Negative Discretion.** In general, and subject to limited exceptions (as described in the Program), the Committee will have the right to reduce or eliminate the Payment Amount that would otherwise be payable for the Performance Period if the Committee determines in its discretion that such reduction or elimination is appropriate and in the best interest of the Company based on the Company's unrestricted cash, cash equivalents, and short term investments and cash readily accessible under the Company's unused lines of credit as of the end of the Performance Period; provided, however, that any such reduction or elimination shall apply in a uniform and nondiscriminatory manner to all Participants who are otherwise entitled to receive a Payment Amount with respect to the Performance Period.

7. **Program and ICP Control.** Capitalized terms used in this Award Notice are defined in the Program. The Program and the ICP are hereby incorporated into this Award Notice by reference. All statements in this Award Notice are qualified in their entirety by reference to the Program and the ICP. If you have any questions, or wish to obtain a copy of the Program or the ICP, please contact _____.

¹ [The Maximum Payment Amount will be included if established by the Committee in accordance with the terms of the Program at the time the Award is granted.]

UNITED CONTINENTAL HOLDINGS, INC.
ANNUAL INCENTIVE PROGRAM
(As Amended and Restated on February 21, 2013)

1. **Purpose.** This United Continental Holdings, Inc. Annual Incentive Program (the “Program”) has been adopted by the Compensation Committee (the “Committee”) of the Board of Directors of United Continental Holdings, Inc., a Delaware corporation (the “Company”), to implement in part the “Performance Award” provisions of the United Continental Holdings, Inc. Incentive Plan 2010, as amended from time to time (the “Incentive Plan 2010”), and is intended to provide a method for attracting, motivating, and retaining officers and employees of the Company and its subsidiaries and to compensate such officers and employees based on performance measures of the Company and its consolidated subsidiaries as described herein. The Program and participation hereunder shall be subject to the terms of the Incentive Plan 2010, including the limitation on the maximum amount of compensation that may be paid with respect to Performance Awards (as such term is defined in the Incentive Plan 2010) as provided therein.

2. **Participants.** Each individual who is an Eligible Employee on the first day of a fiscal year of the Company or who becomes an Eligible Employee after the first day of a fiscal year shall become a Participant and receive the opportunity to receive an Annual Incentive Payment with respect to such fiscal year only if such individual is selected by the Administrator in its sole discretion (subject to the terms of any applicable employment agreement) for participation in the Program with respect to such fiscal year prior to the last day of such fiscal year. Selection by the Administrator for participation in the Program for a fiscal year or portion thereof constitutes a Performance Award under the Incentive Plan 2010. The Chief Executive Officer of the Company (the “CEO”) shall have the power to terminate any Participant’s participation in the Program upon written notice to such Participant of such termination and, only in the case of a Participant who is subject to section 16 of the Securities Exchange Act of 1934, as amended (“Section 16”), subject to ratification of such action by the Committee.

3. **Definitions.** Where the following words and phrases are used in the Program, they shall have the respective meanings set forth below, unless the context clearly indicates to the contrary:

(a) “Administrator” means the Committee or the CEO (if the CEO is a director of the Company), subject to the provisions of Section 4.

(b) “Annual Incentive Payment” means, with respect to a Participant for a fiscal year, the dollar amount calculated by multiplying such Participant’s Target Opportunity with respect to such fiscal year by the applicable incentive percentage (*i.e.*, Entry Incentive Percentage, Target Incentive Percentage, Stretch Incentive Percentage, and provided that the Administrator may provide for varying percentages (including through straight line interpolation) between levels) determined by the Administrator based on the satisfaction of the Pre-tax Income performance measure and such other performance measures as may be established by the Administrator under the Program.

(c) "Base Salary" with respect to a fiscal year means the Participant's base annual salary with respect to such fiscal year payable or paid, as applicable, by the Company or a consolidated subsidiary, as in effect on a date specified by the Administrator or over a period specified by the Administrator for such fiscal year as determined by the Administrator at the time such Participant commences participation in the Program for such fiscal year (except as otherwise specifically provided in the Program).

(d) "Broad Based Payment" means, with respect to a fiscal year, that a payment has been or will be paid under the Company's broad-based profit sharing plan to the participants in that plan with respect to such fiscal year.

(e) "Change of Control" means, with respect to the Performance Award at issue, a "Change of Control" as defined in the United Continental Holdings, Inc. 2008 Incentive Compensation Plan as in effect on the date that the Committee makes the designations enumerated in Section 4(b) for such Performance Award.

(f) "Change of Control Level" with respect to a fiscal year means the amount established by the Committee as the Change of Control Level with respect to such fiscal year pursuant to Section 4 hereof.

(g) "Change Year" means the fiscal year during which a Change of Control occurs.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Disability" means, with respect to a Participant, the disability of such Participant such as would entitle such Participant to receive disability income benefits pursuant to the long-term disability plan of the Company or a subsidiary then covering such Participant or, if no such plan exists or is applicable to such Participant, the permanent and total disability of such Participant within the meaning of section 22(e)(3) of the Code; provided, however, that if an amount payable pursuant to a Performance Award constitutes deferred compensation (within the meaning of section 409A of the Code) and payment of such amount is intended to be triggered pursuant to section 409A(a)(2)(A)(ii) of the Code by a Participant's disability, such term shall mean that such Participant is considered "disabled" within the meaning of section 409A of the Code.

(j) "Eligible Employee" means any individual who is an officer of the Company or a subsidiary.

(k) "Entry Incentive Percentage" means, with respect to a Participant for a fiscal year, that percentage established by the Administrator as the Entry Incentive Percentage with respect to such Participant for such fiscal year pursuant to Section 4 hereof.

(l) "Entry Level Pre-tax Income" with respect to a fiscal year means the amount established by the Committee as the Entry Level Pre-tax Income with respect to such fiscal year pursuant to Section 4 hereof.

(m) “Participant” means an Eligible Employee who has received a Performance Award under the Program with respect to a fiscal year of the Company pursuant to Section 4.

(n) “Performance Target” means, with respect to a fiscal year, the minimum levels of Pre-tax Income and such other performance measures as may be established by the Administrator that must be achieved for such fiscal year in order for a Participant to be eligible to receive an Annual Incentive Payment for such fiscal year; provided, however, if such Participant is a “covered employee” within the meaning of section 162(m) of the Code or, who in the Administrator’s judgment, is likely to be a covered employee with respect to such fiscal year, then the performance measures for purposes of such Participant’s award shall be limited to the performance measures listed in Section 2(v) of the Incentive Plan 2010.

(o) “Pre-tax Income” means, with respect to each fiscal year, the aggregate consolidated net income adjusted to exclude reported income taxes of the Company for such fiscal year as shown on the Company’s consolidated financial statements for such fiscal year, but calculated excluding any special, unusual or non-recurring items as determined by the Committee in accordance with applicable accounting rules.

(p) “Stretch Incentive Percentage” means, with respect to a Participant for a fiscal year, that percentage established by the Administrator as the Stretch Incentive Percentage with respect to such Participant for such fiscal year pursuant to Section 4 hereof.

(q) “Stretch Level Pre-tax Income” with respect to a fiscal year means the amount established by the Committee as the Stretch Level Pre-tax Income with respect to such fiscal year pursuant to Section 4 hereof.

(r) “Target Incentive Percentage” means, with respect to a Participant for a fiscal year, that percentage established by the Administrator as the Target Incentive Percentage with respect to such Participant for such fiscal year pursuant to Section 4 hereof.

(s) “Target Level Pre-tax Income” with respect to a fiscal year means the amount established by the Committee as the Target Level Pre-tax Income with respect to such fiscal year pursuant to Section 4 hereof.

(t) “Target Opportunity” means, with respect to a Participant for a fiscal year, a dollar amount established by the Administrator as the Target Opportunity for such Participant with respect to such fiscal year (which, in the discretion of the Administrator, may be expressed as a percentage of such Participant’s Base Salary for such fiscal year (or different percentages of such Participant’s Base Salary with respect to different portions of such fiscal year)).

4. Administration.

(a) The Program shall be administered by the Administrator, so that (i) Performance Awards made to, and the administration (or interpretation of any provision) of the Program as it relates to, any person who is subject to Section 16, shall be made or effected by the Committee, and (ii) Performance Awards made to, and the administration (or interpretation of any provision) of the Program as it relates to, any person who is not subject to Section 16, shall be made or effected by the Committee or the CEO (or, if the CEO is not a director of the

Company, the Committee), unless the Program specifies that the Committee shall take specific action (in which case such action may only be taken by the Committee) or the Committee (as to any Award described in this clause (ii) or the administration or interpretation of any specific provision of the Program) specifies that it shall serve as Administrator. Notwithstanding the foregoing, the Committee may from time to time in its discretion put any conditions and restrictions on the powers that may be exercised by the CEO in his or her capacity as Administrator. The action of a majority of the members of the Committee will be the act of the Committee.

(b) Within 90 days after the beginning of each fiscal year of the Company beginning on or after January 1, 2013:

(i) the Committee shall establish in writing the Entry Level Pre-tax Income, the Target Level Pre-tax Income, the Stretch Level Pre-tax Income, and the Change of Control Level with respect to the Pre-tax Income performance measure for such fiscal year and may establish such other performance measures as may be established by the Administrator for such fiscal year for purposes of the Program; and

(ii) the Administrator shall establish in writing the Entry Incentive Percentage, the Target Incentive Percentage and the Stretch Incentive Percentage for such fiscal year for each individual who is selected by the Administrator to be a Participant in the Program for such fiscal year; provided, however, that the Administrator may select a Participant to participate and establish such percentages after such 90-day period, and provided further, that the Administrator may allocate the Entry Incentive Percentage, the Target Incentive Percentage and the Stretch Incentive Percentage fully to the Pre-tax Income Performance Target or may allocate a portion of such percentages to such other performance measures as may be established by the Administrator for such Participant with respect to such fiscal year.

Each designation of Entry Level Pre-tax Income, Target Level Pre-tax Income, Stretch Level Pre-tax Income, and Change of Control Level with respect to the Pre-tax Income performance measure shall be subject to adjustment by the Committee in its discretion, and each designation of Entry Incentive Percentage, Target Incentive Percentage and Stretch Incentive Percentage shall be subject to adjustment as determined by the Administrator in its discretion, in each case as a result of changes in accounting principles and other significant extraordinary items or events; provided that in respect of any Performance Award intended to qualify as performance-based compensation within the meaning of section 162(m) of the Code, such adjustments may only be made if and to the extent permitted by section 162(m) of the Code. At the time the Committee makes the designations described in the first sentence of this Section 4(b) with respect to a fiscal year, the Committee may designate a maximum reduction percentage (which may range from 0% to 100%) that may be applied by the Administrator to an Annual Incentive Payment for such fiscal year pursuant to Section 5(b)(ii). At the time a Participant receives an award under the Program for a fiscal year, the Administrator shall determine the manner in which such Participant's Base Salary and Target Opportunity for such fiscal year shall be determined.

(c) With respect to each fiscal year during which the Program is effective, and in no event later than the time which will permit the Company to pay any required Annual Incentive Payment for such fiscal year within the time period prescribed in Section 5, the Committee shall certify in writing (including by electronic mail transmission), except as otherwise provided in Sections 6 and 7 below, prior to the payment of any Annual Incentive Payment, whether the Performance Target has been achieved for such fiscal year and, if so, the level of the Performance Target achieved. For purposes of the preceding sentence, approved minutes of the Committee meeting in which the certification is made shall be treated as a written certification.

(d) The interpretation and construction by the Administrator of any provision of the Program, and any determination or action by the Administrator pursuant to any provision hereof, will be final and conclusive for all purposes, and each Participant's participation in the Program is expressly subject to the foregoing. The Administrator shall not be liable for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or information presented to the Administrator by the Company's officers, employees, or other persons (including the Company's outside auditors) as to matters such member reasonably believes are within such other person's professional or expert competence. If a Participant disagrees with any decision, determination, or action made or taken by the Administrator, then the dispute will be limited to whether the Administrator has satisfied its duty to make such decision or determination or take such action in good faith.

5. Annual Incentive Payments.

(a) If (i) the Committee certifies in writing, in accordance with Section 4(c), that the Performance Target has been met for a fiscal year, and (ii) the Broad Based Payment has been or will be paid with respect to such fiscal year, then each Participant in the Program who has remained continuously employed by the Company or a subsidiary from the date that he or she became a Participant with respect to such fiscal year until the last day of such fiscal year, and who has not otherwise surrendered the related Performance Award to the Company, shall receive, as soon as reasonably practicable after the applicable certification by the Committee described in Section 4(c) above with respect to such fiscal year (but in no event later than March 15 of the year following the end of such fiscal year), a cash payment equal to the Annual Incentive Payment, if any, for such Participant with respect to such fiscal year. For purposes of clarity, if the applicable Performance Target has not been achieved or the Broad Based Payment has not been (or will not be, as the case may be) paid for a fiscal year, then no Annual Incentive Payment shall be payable with respect to such fiscal year.

(b) (i) Notwithstanding the provisions of Section 5(a) and, except as provided in the last sentence of this subparagraph, notwithstanding the provisions of Section 6(a), the Committee shall have the right, in its sole discretion, to reduce or eliminate any Annual Incentive Payment with respect to a fiscal year that is otherwise payable pursuant to such Sections if the Committee determines in its discretion that such reduction or elimination is appropriate and in the best interest of the Company based on the Company's unrestricted cash, cash equivalents, and short term investments and cash readily accessible under the Company's unused lines of credit as of the end of such fiscal year; provided, however, that any such reduction or elimination shall apply in a uniform and nondiscriminatory manner to all Participants who are, but for the application of this paragraph, entitled to receive an Annual Incentive Payment under such Sections with respect to such fiscal year. The Committee shall not have the right under this subparagraph to reduce or eliminate any Annual Incentive Payment that is payable pursuant to Section 6(b), Section 7 or, following a Change of Control, Section 6(a).

(ii) Notwithstanding the provisions of Section 5(a), in addition to any reduction to an Annual Incentive Payment that may be required pursuant to the provisions of Section 5(b)(i), the Administrator shall have the right, in its sole discretion, to reduce the Annual Incentive Payment of a Participant with respect to a fiscal year that is otherwise payable to such Participant pursuant to Section 5(a); provided, however, that such reduction shall not be greater than the Annual Incentive Payment that would have otherwise been payable (determined prior to any reduction pursuant to Section 5(b)(i)) multiplied by the maximum reduction percentage, if any, for the applicable fiscal year as determined pursuant to Section 4(b). Any action by the Administrator pursuant to this subparagraph may vary among individual Participants. The Administrator shall not have the right under this subparagraph to reduce any Annual Incentive Payment that is payable pursuant to Section 6 or Section 7.

(c) Except as otherwise provided by the Administrator at the time a person becomes a Participant, if a person becomes a Participant after the first day of a fiscal year, then such Participant's Annual Incentive Payment, if any, with respect to such fiscal year shall be pro-rated based on a fraction, the numerator of which is the number of days during the period beginning on the date of such Participant's commencement of participation in the Program for such fiscal year and ending on the last day of such fiscal year, and the denominator of which is 365.

6. Payments upon Certain Terminations of Employment. Notwithstanding the provisions of Section 5:

(a) If a Participant's employment or transition agreement, if any, with the Company or a subsidiary thereof provides for an annual incentive payment (or prorated portion thereof) with respect to the fiscal year in which such Participant terminates employment, then payment shall be made in accordance with the terms of such employment or transition agreement without regard to the continuous employment requirement set forth in Section 5.

(b) If a Participant does not have an employment agreement with the Company or a subsidiary thereof, or if any such employment agreement does not provide for an annual incentive payment (or prorated portion thereof) in the event the Participant's employment terminates by reason of death or Disability, then with respect to the fiscal year during which such Participant's termination of employment due to death or Disability occurs, (i) the Pre-tax Income and any other performance measures as may be established by the Committee for such fiscal year shall be deemed to be achieved at a level equal to the Target Level, (ii) the Broad Based Payment shall be deemed to have been paid, and (iii) the Annual Incentive Payment shall be paid to the Participant or the Participant's estate (as the case may be) within 30 days following the Participant's termination of employment on a pro-rated basis, calculated based on a fraction, the numerator of which is the number of days during the period beginning on the first day of such fiscal year (or, if later, the date of such Participant's commencement of participation in the Program for such fiscal year) and ending on the date of the Participant's termination of employment due to death or Disability, and the denominator of which is 365.

(c) With respect to Sections 6(a) and 6(b), such payment shall be based on the Participant's rate of annual base salary as in effect immediately prior to his or her termination of employment (except, with respect to Section 6(a), as otherwise provided in the Participant's employment or transition agreement). Additionally, with respect to Section 6(b), the applicable certification of the achievement of the performance goal by the Committee described in Sections 4 and 5 above shall not be required.

7. Payments upon a Change of Control. Notwithstanding the provisions of Section 5, if a Change of Control occurs, then the following shall apply with respect to each Participant who is employed by the Company or a subsidiary on the day immediately preceding the Change of Control:

(a) With respect to the Change Year, (i) the Performance Target will be deemed to be achieved at the Change of Control Level, (ii) the Broad Based Payment will be deemed to have been paid, (iii) the Annual Incentive Payment (prorated based on a fraction, the numerator of which is the number of days during the period beginning on the date of the Participant's commencement of participation in the Program for such Change Year and ending on the date of the Change of Control, and the denominator of which is 365) shall be paid to the Participant on or before March 15 of the year following the Change Year, and (iv) such Participant shall not be entitled to any other Annual Incentive Payment with respect to the Change Year.

(b) The payment described in Section 7(a) shall be based on the Participant's rate of annual base salary as in effect on the first day of such Change Year (or, if higher, as in effect immediately prior to the occurrence of the Change of Control). Additionally, with respect to Section 7(a), the applicable certification of the achievement of the performance goal by the Committee described in Sections 4 and 5 above shall not be required.

8. Amendments, Termination and Other Matters.

(a) Subject to the other provisions of this Section 8, the Program may be amended from time to time or terminated by the Committee; provided that the Program may not be amended or terminated in a manner that would impair the rights of any Participant with respect to any outstanding Performance Award with respect to a fiscal year that has ended prior to such amendment or termination without the consent of such Participant, and may not be amended or terminated in contemplation of or in connection with a Change of Control, nor may any Participant's participation herein be terminated in connection with a Change of Control, unless adequate and effective provision for the making of all payments otherwise payable pursuant to Section 7 of the Program (as in effect on the date that the Committee makes the designations enumerated in Section 4(b) with respect to the applicable Performance Award) with respect to such Change of Control shall be made in connection with any such amendment or termination.

(b) Except as otherwise provided in a Participant's employment or transition agreement with the Company or a subsidiary of the Company, (i) participation in the Program by a Participant shall terminate upon such Participant's termination of employment with the Company and its subsidiaries or as otherwise set forth herein, and (ii) no Participant shall have any right to continue to participate in the Program or have any vested right to any incentive or

other payment hereunder (except as aforesaid in connection with a Change of Control and except with respect to fiscal years which have already ended prior to such amendment or termination or prior to such Participant's termination of employment with the Company and its subsidiaries).

(c) Participation in the Program shall not confer any right of future employment. The Program is not intended to create a pension or welfare benefit plan and is intended to be exempt from application of the Employee Retirement Income Security Act of 1974, as amended. The Program is unfunded and shall not create, or be construed to create, a trust or separate fund or funds, and each Participant shall be entitled only to look to the Company for any benefit hereunder, and shall have no greater right than an unsecured creditor of the Company.

(d) No liability whatsoever shall attach to or be incurred by any past, present or future stockholders, officers, directors, or employees, as such, of the Company or any of its subsidiaries, under or by reason of the Program or the administration thereof, and each Participant, in consideration of receiving benefits and participating hereunder, expressly waives and releases any and all claims relating to any such liability.

(e) No incentive payment or Performance Award or other right, title, interest, or benefit hereunder shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a Participant or any person claiming under a Participant, or be subject to seizure by any creditor of a Participant or any person claiming under a Participant. No Participant or any person claiming under a Participant shall have the power to anticipate or dispose of any incentive payment, Performance Award or other right, title, interest, or benefit hereunder in any manner until the same shall have actually been distributed free and clear of the terms of the Program. Incentive payments hereunder shall be payable only to the Participant (or in the event of the death of a Participant, any payment due under the Program to such Participant shall be made to such Participant's estate). Notwithstanding the preceding provisions of this paragraph, the Company shall comply with the terms of any qualified domestic relations order providing for the transfer or assignment of all or any portion of a Participant's interest under the Program. The provisions of the Program shall be binding on all successors and assigns of a Participant, including without limitation the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

(f) Wherever appropriate herein, words used in the singular shall be considered to include the plural, and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Program, shall be deemed to include the feminine gender.

(g) The Program shall be construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

(h) Notwithstanding any provision in Sections 5(c), 6 or 7 to the contrary, if a Participant's Annual Incentive Payment for a fiscal year is to be prorated pursuant to the terms of the Program and if such Participant's Target Opportunity for such fiscal year changed during such fiscal year, then any such proration shall be subject to adjustment by the Administrator in an equitable and appropriate manner to the extent necessary to reflect such change in such

Participant's Target Opportunity and to prevent the enlargement of the benefit intended to be provided to the Participant under the Program for such fiscal year; provided, however, that no such adjustment shall result in a greater payment to the Participant for such fiscal year than the payment that would otherwise have been made to the Participant under the Program for such fiscal year without such adjustment.

9. **Clawback.** Notwithstanding any provision in the Program to the contrary, the payments provided under the Program shall be subject to a clawback to the extent necessary to comply with applicable law including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any Securities and Exchange Commission rule.

10. **Tax Withholding.** The Company shall have the right to withhold from any payment hereunder all applicable federal, state, local and other taxes as required by law.

11. **Effective Date.** The Program shall be effective as of the date of its adoption by the Committee and shall be applicable to fiscal years of the Company beginning on or after January 1, 2013.

ANNUAL INCENTIVE AWARD NOTICE
to [NAME]

Pursuant to the United Continental Holdings, Inc. Annual Incentive Program
Fiscal Year 20[]

1. **The Program.** This document constitutes your formal notice (the "Notice") of a Performance Award under the United Continental Holdings, Inc. Annual Incentive Program (as amended from time to time, the "Program") adopted under the United Continental Holdings, Inc. Incentive Plan 2010 (as amended from time to time, the "Incentive Plan 2010"). This Notice evidences your right to participate in the Program with respect to the period commencing on January 1, 20[] and ending on December 31, 20[] (the "Fiscal Year"), subject to the terms of the Program and the Incentive Plan 2010. The effective date of your commencement in the Program with respect to this award is [], 20[].

2. **Performance Goal[s].** The Compensation Committee of the Board of Directors of the Company (the "Committee") has established the following performance goal[s] for the Fiscal Year, which must be achieved in order for you to receive an Annual Incentive Payment for the Fiscal Year:

(a) **Pre-tax Income.** You shall be eligible to receive an Annual Incentive Payment with respect to the Company's Pre-tax Income performance and determined in accordance with Section 3 of this Notice, if the Company's Pre-tax Income with respect to the Fiscal Year is equal to or greater than the Entry Level Pre-tax Income set forth below. For purposes of calculating your potential Annual Incentive Payment in accordance with Section 3 of this Notice, the following are the levels of Pre-tax Income set by the Committee for the Fiscal Year:

- i. Entry Level Pre-tax Income of \$[];
- ii. Target Level Pre-tax Income of \$[]; and
- iii. Stretch Level Pre-tax Income of \$[].

[[INSERT OTHER PERFORMANCE GOAL]]. You shall be eligible to receive an Annual Incentive Payment with respect to [INSERT PERFORMANCE GOAL] performance and determined in accordance with Section 3 of this Notice, if the [INSERT PERFORMANCE GOAL] for the Fiscal Year is equal to or greater than the Entry Level [INSERT PERFORMANCE GOAL] set forth below [and the Company achieves a minimum Pre-tax Income of \$_____ for such Fiscal Year]. For purposes of calculating your potential Annual Incentive Payment in accordance with Section 3 of this Notice, the following are the levels of [INSERT PERFORMANCE GOAL] set by the Committee for the Fiscal Year:

- i. Entry Level [_____: ____];
- ii. Target Level [_____: ____]; and
- iii. Stretch Level [_____: ____].¹

(b) If a Change of Control occurs during the Fiscal Year, then the Company's performance for the Fiscal Year will be deemed to be equal to _____.

In order to receive an Annual Incentive Payment for the Fiscal Year, the Program also requires that a payment must have been or will be made under the Company's broad-based profit sharing plan to the participants in that plan with respect to the Fiscal Year (the "Broad Based Payment").

3. Payment upon Achievement of the Performance Goal[s]. Your Target Opportunity for the Fiscal Year is [_____% of your Base Salary] [_____% of your Base Salary from _____ to _____ and _____% of your Base Salary from _____ to _____] [\$_____]. If (i) the Committee certifies in writing that the [Performance Target has][Performance Targets have] been met as of the end of the Fiscal Year, (ii) the Broad Based Payment has been or will be paid for the Fiscal Year, and (iii) you remain continuously employed by the Company or its subsidiaries through the last day of the Fiscal Year, then you will receive an Annual Incentive Payment as soon as reasonably practicable after the applicable certification by the Committee (but in no event later than March 15 of the year following the Fiscal Year). With respect to the Pre-tax Income performance measure and each other performance measure as may be established by the Committee with respect to the Fiscal Year, the amount of your Annual Incentive Payment will be based on the product of (a) your Target Opportunity multiplied by (b) the applicable percentage of your Target Opportunity based on the level of performance achieved by the Company for the Fiscal Year with respect to the applicable performance measure. Subject to Section 6 of this Notice, your total Annual Incentive Payment will be the sum of the amounts calculated pursuant to the prior sentence. The applicable percentages of your Target Opportunity shall be determined in accordance with the following table(s) [(straight line interpolation will be used between levels)]:

<u>Level of Pre-tax Income Achieved</u>	<u>Percentage of Target Opportunity</u>
Entry Level Pre-tax Income	__% (Entry Incentive Percentage)
Target Level Pre-tax Income	__% (Target Incentive Percentage)
Stretch Level Pre-tax Income (or higher)	__% (Stretch Incentive Percentage)

¹ The Committee may establish one or more performance measures for a Fiscal Year in addition to Pre-tax Income. If the Committee establishes such additional measures, this additional portion of the award will be inserted with respect to each such additional performance measure.

<u>Level of</u>	<u>Achieved¹</u>	<u>Percentage of Target Opportunity</u>
Entry Level	_____	—% (Entry Incentive Percentage)
Target Level	[_____]	—% (Target Incentive Percentage)
Stretch Level	[_____] (or higher)	—% (Stretch Incentive Percentage)

4. Continuous Employment Requirement. Receipt of an Annual Incentive Payment is conditioned on your continuous employment with the Company or its subsidiaries through the last day of the Fiscal Year (with limited exceptions, as described in the Program).

5. Pro-Rated Payment. Your Annual Incentive Payment may be prorated as provided in the Program under certain circumstances.

6. Negative Discretion. Pursuant to the Program, in general, (a) the Committee shall have the right to reduce or eliminate the Annual Incentive Payment that would otherwise be payable for the Fiscal Year if the Committee determines, in its discretion, that such reduction or elimination is appropriate and in the best interest of the Company based on the Company's unrestricted cash, cash equivalents, and short term investments and cash readily accessible under the Company's unused lines of credit as of the end of the Fiscal Year; provided, however, that any such reduction or elimination shall apply in a uniform and nondiscriminatory manner to all Participants who are otherwise entitled to receive an Annual Incentive Payment with respect to the Fiscal Year, and (b) the Administrator shall have the right to reduce or eliminate the Annual Incentive Payment that would otherwise be payable for the Fiscal Year based on your individual performance and such other factors determined by the Administrator, in its sole discretion.

7. Program and Incentive Plan 2010 Control. Capitalized terms used in this Notice are defined in the Program. The Program and the Incentive Plan 2010 are hereby incorporated into this Notice by reference. All statements in this Notice are qualified in their entirety by reference to the Program and the Incentive Plan 2010. If you have any questions, or wish to obtain a copy of the Program or the Incentive Plan 2010, please contact _____.

Description of Compensation and Benefits for Non-Employee Directors

Active non-employee directors of United Continental Holdings, Inc. (the "Company") elected by the holders of the Company's Common Stock (for this summary, "directors") receive the compensation and benefits described in this summary.

Cash and Equity Compensation. Active directors receive the following annual cash and equity compensation: (i) cash retainer of \$80,000; (ii) Lead Independent Director receives additional cash retainer of \$25,000; (iii) grant of \$125,000 of Restricted Stock Units granted following election to the Board at the annual meeting of stockholders and valued based on the average of the high and low sales prices of the Company's common stock on the date of grant (represents value to be awarded beginning in 2013 and increased from \$80,000 grant value in 2012); (iv) Chair of the Audit Committee receives \$20,000 and members receive \$10,000; (v) Chair of the Compensation, Executive, Finance, and Nominating/Governance Committees receive \$15,000 and members receive \$7,500; and (vi) Co-Chairs of the Public Responsibility Committee receive \$10,000 and members receive \$5,000.

Travel Benefits.

UATP Travel Card. Each director receives a UATP Travel Card to be used for leisure travel on the Continental and United systems. The annual travel limit of the UATP Travel Card for 2013 is \$40,289.

Space Available Travel. In addition to the UATP Travel Card, each director and his or her eligible family members receive space available flight passes.

Tax Gross-Up. Each director is entitled to an annual tax gross-up payment for travel. The annual limit for 2013 is \$27,699. The gross-up is intended to reimburse a director for taxes incurred as a result of including the leisure travel benefits in his or her income.

Club Membership. Each director and the director's spouse or qualified domestic partner receive membership in the United Club (or any successor program).

Frequent Flyer Status. Each director and the director's spouse or qualified domestic partner receive 1K Global Services Status.

Lifetime Benefits. A director who (i) served as a member of the Board on October 1, 2010 or (ii) becomes a member of the Board following October 1, 2010 and attains at least five consecutive years of service, shall be eligible to receive, along with his or her spouse or qualified domestic partner, a UATP Travel Card, club membership and frequent flyer status for his or her lifetime. Directors who were eligible to receive reimbursement for taxes incurred on post-separation flight benefits pursuant to a similar policy with UAL Corporation or Continental Airlines, Inc. prior to October 1, 2010 will receive tax gross-up payments for the lifetime of the director.

Survivorship Benefits. Non-employee directors elected by the holders of the Company's Common Stock who served as a member of the Board on October 1, 2010 will have certain survivorship benefits, which are available to such director's surviving spouse or qualified domestic partner. The survivorship benefits shall include an annual survivor travel limit granted annually on January 1 of each calendar year during the fifteen calendar year period beginning January 1st of the calendar year following the director's death and ending on December 31st of the year of the fifteenth anniversary of the non-employee director's death (such annual survivor benefit amount to be equal to thirty percent of the value of the annual director flight benefit provided under the UATP at the time of such director's death). Survivorship benefits are not eligible to receive any form of tax reimbursement or tax gross-up protection from the Company.

Charitable Tickets. Each director receives up to 10 round-trip tickets annually to donate to qualified charities.

Charitable Contribution Matching Program. The Company will provide matching cash payments to nonprofit organizations to which an active director makes a personal contribution in the amount of \$20,000 per year. In the case of each ALPA and IAM director, the Company will provide matching cash payments to organizations to which the director or their respective union contributes up to \$20,000 per year in the aggregate.

Directors' and Officers' Liability Insurance and Indemnification. The Company has a policy that provides liability insurance for directors and officers of United Continental Holdings, Inc. and its subsidiaries. The Company also provides indemnification for directors as set forth in the Restated Certificate of Incorporation of United Continental Holdings, Inc.

CONFIDENTIAL MATERIAL APPEARING IN THIS DOCUMENT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION IN ACCORDANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED, AND RULE 24B-2 PROMULGATED THEREUNDER. OMITTED INFORMATION HAS BEEN REPLACED WITH ASTERISKS.

Supplemental Agreement No. 60

to

Purchase Agreement No. 1951

(the Agreement)

Between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT is entered into as of November 7, 2012 by and between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Customer);

WHEREAS, Customer is ***

WHEREAS, Customer and Boeing agree to reschedule one (1) 737-900ER aircraft as follows:

<u>Current Delivery Month</u>	<u>Revised Delivery Month</u>	<u>Serial Number</u>
August 2013	July 2013	31649

WHEREAS, Customer and Boeing have agreed to reschedule one (1) 737-900ER aircraft as follows:

<u>Current Delivery Month</u>	<u>Revised Delivery Month</u>	<u>Serial Number</u>
October 2012	September 2012	37199*

* Notwithstanding the rescheduled delivery month of this aircraft, ***

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. Table of Contents, Articles, Tables, Exhibits, and Letter Agreements:

1.1 Remove and replace, in its entirety, the "Table of Contents", with the "Table of Contents" attached hereto, to reflect the changes made by this Supplemental Agreement No. 60.

P.A. 1951

CAL

SA 60-1

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**Table 1 to Purchase Agreement 1951
Aircraft Deliveries and Descriptions
Model 737-900ER Aircraft**

Airframe Model/MTOW:	737-900ER	***	Detail Specification:	***
Engine Model/Thrust:	CFM56-7B***	***	Airframe Price Base Year/Escalation Formula:	*** ***
Airframe Price:		\$***	Engine Price Base Year/Escalation Formula:	*** ***
Optional Features:		\$***	Airframe Escalation Data:	
Sub-Total of Airframe and Features:		\$***	Base Year Index (ECI):	***
Engine Price (Per Aircraft):		\$***	Base Year Index (CPI):	***
Aircraft Basic Price (Excluding BFE/SPE):		\$***		
Buyer Furnished Equipment (BFE) Estimate:		\$***		
Seller Purchased Equipment (SPE) Estimate:		\$***		
***		\$***		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number	*	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						***%	***%	***%	***%
***	***	***	***	*	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***

CAL

T-6-1

SA 60

Boeing / Continental Airlines, Inc. Proprietary

**Table 1 to Purchase Agreement 1951
Aircraft Deliveries and Descriptions
Model 737-900ER Aircraft**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Serial Number		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						***%	***%	***%	***%
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
***	***	***	***	***	\$ ***	\$***	\$***	\$***	\$***
Total:	43								

CAL

T-6-3

Boeing / Continental Airlines, Inc. Proprietary

SA 60

CAL-PA-1951-LA-1210098

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Aircraft Acceleration from October 2012 to September 2012

Reference: Purchase Agreement No. PA-1951 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 737-900ER aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

Boeing and Customer agree to reschedule the contract delivery month of the following Aircraft:

<u>Current Delivery Month</u>	<u>Revised Delivery Month</u>	<u>Serial Number</u>
October 2012	September 2012	37199

The terms of this Letter Agreement will supersede the corresponding terms of the Purchase Agreement. Boeing and Customer will execute a supplemental agreement to the Purchase Agreement as soon as reasonably practicable after the execution of this Letter Agreement. The execution of the supplemental agreement is to facilitate contract administration and is not a condition to the effectiveness of his Letter Agreement. In the event of any conflict between the terms and conditions of this Letter Agreement and the supplemental agreement, the terms and conditions of this Letter Agreement shall control.

CAL-PA-1951-LA-13210098

Aircraft Acceleration – October 2012 to September 2012

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

Page 1



Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: September 25, 2012

Continental Airlines, Inc.

By /s/ Ron Baur

Its VP Fleet

CAL-PA-1951-LA-13210098

Aircraft Acceleration – October 2012 to September 2012

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

CONFIDENTIAL MATERIAL APPEARING IN THIS DOCUMENT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION IN ACCORDANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED, AND RULE 24B-2 PROMULGATED THEREUNDER. OMITTED INFORMATION HAS BEEN REPLACED WITH ASTERISKS.

Supplemental Agreement No. 7

to

Purchase Agreement No. 2484

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 787 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of November 7, 2012 by and between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2484 dated December 29, 2004 (the Purchase Agreement), as amended and supplemented, relating to Boeing Model 787 aircraft (the Aircraft);

WHEREAS, Boeing and Customer have agreed to certain matters relating to the delivery delays of Customers model 787 Aircraft contained in Letter No. 6-1162-RCN-1935;

WHEREAS, Customer is *** model 787 Aircraft *** aircraft pursuant to supplemental agreement no. 60 to purchase agreement no. 1951;

WHEREAS, Boeing and Customer previously executed Letter Agreement No. 6-1162-RCN-1940 "Model 787 Post-Delivery Software & Data Loading";

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Purchase Agreement as follows:

1. Table of Contents, Articles, Tables and Exhibits:

1.1 Remove and replace, in its entirety, the "Table of Contents," with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 7.

1.2 Remove and replace, in its entirety, the "Table 1," for Model 787-8 and 787-9 Aircraft with the Table 1 attached hereto.

1.3 Delete Attachment A to Option Aircraft Letter No. 6-1162-MSA-574R4 to reflect the fact that there are no 787-8 Option Aircraft.

1.4 Remove and replace, in its entirety, Attachment B to Letter No. 6-1162-MSA-574R4 with the Attachment B attached hereto.

P.A. 2484

CAL

SA 7-1

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 6-1162-MSA-552R6, "Special Matters," with the revised Letter Agreement 6-1162-MSA-552R7 attached hereto.

2.2 Add Letter Agreement 6-1162-RCN-1936, "Other Special Matters" attached hereto.

2.3 Add Letter Agreement 6-1162-RCN-1937, "Performance Guarantees - Block B Aircraft" attached hereto.

2.4 Add Letter Agreement 6-1162-RCN-1938, "*** - Block B Aircraft" attached hereto.

2.5 Add Letter Agreement 6-1162-RCN-1939, "*** - Block B Aircraft" attached hereto.

2.6 Add Letter Agreement 6-1162-RCN-1940, "Model 787 Post-Delivery Software & Data Loading" attached hereto.

The Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first written above.

THE BOEING COMPANY

CONTINENTAL AIRLINES, INC.

/s/ ***

/s/ Gerald Laderman

Signature

Signature

Attorney-in-Fact

Senior Vice President – Finance and Treasurer

Title

Title

P.A. 2484

CAL

SA 7-2

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6-1162-AJH-922	Special Matters Relating to COTS Software and End User License Agreements	6
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BOEING PROPRIETARY

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SUPPLEMENTAL AGREEMENTS

DATED AS OF:

Supplemental Agreement No. 1
Supplemental Agreement No. 2
Supplemental Agreement No. 3
Supplemental Agreement No. 4
Supplemental Agreement No. 5
Supplemental Agreement No. 6
Supplemental Agreement No. 7

P.A. No. 2484

June 30, 2005
January 20, 2006
May 3, 2006
July 14, 2006
March 12, 2007
November 15, 2007
November 7, 2012

BOEING PROPRIETARY

Table 1
Purchase Agreement No. 2484
Aircraft Delivery, Description, Price and Advance Payments
(787-8/GE/*)**

Airframe Model/MTOW:	787-8	*** pounds
Engine Model/Thrust:	GENX-1B***	*** pounds
Airframe Price:		\$***
Optional Features:		\$***
Sub-Total of Airframe and Features:		\$***
Engine Price (Per Aircraft):		\$***
Aircraft Basic Price (Excluding BFE/SPE):		\$***
Buyer Furnished Equipment (BFE) Estimate:		\$***
In Flight Entertainment (IFE) Fixed\$:		\$***

Detail Specification:	***
Airframe Price Base Year/Escalation Formula:	***
Engine Price Base Year/Escalation Formula:	***
Airframe Escalation Data:	
Base Year Index (ECI):	***
Base Year Index (CPI):	***
Engine Escalation Data:	
Base Year Index (ECI):	***
Base Year Index (CPI):	***

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Factor (Engine)	Serial Number	Escalation Estimate Adv Payment Base Price Per A/P*	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						***%	***%	***%	***%
Block A Aircraft									
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
Block B Aircraft									
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***

Boeing / Continental Airlines, Inc. Proprietary

Table 1
Purchase Agreement No. 2484
Aircraft Delivery, Description, Price and Advance Payments
(787-9/GE/*)**

Airframe Model/MTOW:	787-8	***
Engine Model/Thrust:	GENX-1B	***
Airframe Price:		\$***
Optional Features:		\$***
Sub-Total of Airframe and Features:		\$***
Engine Price (Per Aircraft):		\$***
Aircraft Basic Price (Excluding BFE/SPE):		\$***
Buyer Furnished Equipment (BFE) Estimate:		\$***
Seller Purchased Equipment (SPE) Estimate:		\$***

Detail Specification:	***
Airframe Price Base Year/Escalation Formula:	***
Engine Price Base Year/Escalation Formula:	***
Airframe Escalation Data:	***
Base Year Index (ECI):	***
Base Year Index (CPI):	***
Engine Escalation Data:	***
Base Year Index (ECI):	***
Base Year Index (CPI):	***

<u>Delivery Date</u>	<u>Number of Aircraft</u>	<u>Escalation Factor (Airframe)</u>	<u>Escalation Factor (Engine)</u>	<u>Serial Number</u>	<u>Escalation Estimate Adv Payment Base Price Per A/P*</u>	<u>Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):</u>			
						<u>***%</u>	<u>***%</u>	<u>***%</u>	<u>***%</u>
Block A Aircraft									
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***

Boeing / Continental Airlines, Inc. Proprietary

Table 1
Purchase Agreement No. 2484
Aircraft Delivery, Description, Price and Advance Payments
(787-9/GE/**)**

<u>Delivery Date</u>	<u>Number of Aircraft</u>	<u>Escalation Factor (Airframe)</u>	<u>Escalation Factor (Engine)</u>	<u>Serial Number</u>	<u>Escalation Estimate Adv Payment Base Price Per A/P*</u>	<u>Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):</u>				
						<u>***%</u>	<u>***%</u>	<u>***%</u>	<u>***%</u>	
Block B Aircraft										
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
***	***	***	***	***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***

Boeing / Continental Airlines, Inc. Proprietary

6-1162-MSA-552R7

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Special Matters

Reference: Purchase Agreement No. 2484 (the Purchase Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 787 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MSA-552R6. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Credit Memoranda.

1.1. 787-8 Credit Memoranda.

In consideration of Customer's purchase of Model 787-8 Aircraft, Boeing shall issue at the time of delivery of each Aircraft and Option Aircraft, a credit memorandum in an amount equal to ***. The credit memorandum is *** airframe *** the Aircraft Price ***. Customer may apply such credit memorandum to *** Aircraft.

1.2. 787-9 Credit Memoranda.

In consideration of Customer's purchase of Model 787-9 Aircraft, Boeing shall issue at the time of delivery of each Aircraft and Option Aircraft, a credit memorandum in an amount equal to ***. The credit memorandum is *** airframe *** the Aircraft Price ***. Customer may apply such credit memorandum to *** Aircraft.

2. Model 787 ***

Boeing *** that the offer contained herein *** with the *** specified in *** dated July 12, 2012. Furthermore, if *** the 787 aircraft *** as Boeing *** 787 ***, Boeing will *** to the terms and conditions of the Purchase Agreement to ***.

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



2.1 787-8 ***

Boeing shall issue at the time of delivery of each 787-8 Aircraft *** a credit memorandum in an amount equal to ***. The credit memorandum is *** airframe *** the Aircraft Price ***. Customer may apply such credit memorandum to *** Aircraft.

2.2 787-9 ***

Boeing shall issue at the time of delivery of each 787-9 Aircraft *** a credit memorandum in an amount equal to ***. The credit memorandum is *** airframe *** the Aircraft Price ***. Customer may apply such credit memorandum to *** Aircraft.

3. ***

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



 %
 ***%
 ***%
 ***%
 ***%
 ***%
 ***%
 ***%
 ***%

4. *** certain Aircraft.

- 4.1 *** certain 787-8 Aircraft. As an accommodation for the Customer with respect to *** the *** of the 787-8 Aircraft listed in Table 1 to Supplemental Agreement No. 6 , reflects ***.
- 4.2 *** certain 787-9 Aircraft. Buyer agreed to add five (5) Model 787-9 Aircraft per Supplemental Agreement No. 5. Boeing agrees to *** for the five (5) Aircraft *** of each of the five (5) Aircraft. At *** of each of the five (5) Aircraft, Boeing *** 787-9 Aircraft.

5. Payment of ***

5.1 *** for Firm Aircraft. Customer agrees *** on *** for all firm and exercised Option Aircraft *** the date on which *** the date on which *** shall be *** and *** day of *** and on the delivery date of *** Aircraft ***. (Note: the *** above will be *** for the *** the *** on the *** for *** would be *** for ***)

5.2 Delivery *** Impact on ***. If the delivery of any Aircraft *** to either an *** or a ***, then *** on the *** in respect of such Aircraft will *** the *** the *** of the *** to the *** of delivery of the Aircraft. *** of any *** that *** to the *** of the *** but *** will be *** on the *** set forth in Paragraph 5.1 of this Letter Agreement or *** of the Aircraft, ***.

5.3 Boeing ***. Boeing shall submit to Customer, not less than *** prior to the end of ***, an ***. Customer's *** is *** to Boeing *** of the ***. Boeing's *** will show *** each Aircraft *** have been ***. The *** will also *** with respect to other aircraft in other purchase agreements between Customer and Boeing.



6. Option Aircraft ***

6.1 *** Option Aircraft Letter Agreement 6-1162-MSA-547, Boeing *** for 787 Option Aircraft.

6.2 *** Boeing and Customer *** that *** Option Aircraft and for the *** 787-9 Option Aircraft provided in Supplemental Agreement No. 5*** Option Aircraft.

6.3 The Option *** for the initial five (5) Option Aircraft ***, as agreed to by Customer and Boeing per Supplemental Agreement ***, and *** the related *** for these concerned five (5) Option Aircraft.

7. ***

Boeing *** at the time of delivery of each Aircraft *** and ***.

8. Model Substitution.

Customer has a substitution right to change an Aircraft to any model of 787-*** or a 787-*** aircraft (Substitution Aircraft) per Model Substitution Letter Agreement 6-1162-MSA-554. The following terms also apply to Substitution Aircraft:

8.1. ***

8.2. ***



9. *** Model Substitution ***

Notwithstanding Customer's *** Model Substitution right *** of Customer being one of the first to purchase the 787 Aircraft, Customer shall *** such *** Model Substitution right *** 787 Aircraft to other model aircraft, unless mutually agreed to by both parties.

10. Aircraft Invoices.

Upon Customer request, at the time of Aircraft delivery Boeing agrees to provide a separate invoice addressed to the owner/trustee of such Aircraft specifying the dollar amount to be received at the time of delivery. ***

11. Assignment of Credits.

Customer may not assign the credit memoranda described in this Letter Agreement without Boeing's prior written consent *** Boeing *** Customer in respect of an Aircraft.

12. Customer *** Right.

With respect to the ten (10) 787 Aircraft having *** rights ordered under Supplemental Agreement No. 3, Customer and Boeing agree that these *** rights have been terminated effective with, or prior to Supplemental Agreement No. 5.

13. Customer *** Right.

Boeing and Customer mutually agree *** Customer *** per Supplemental Agreement No. 5.

14. Confidential Treatment.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, is considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.



Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President – Finance and Treasurer

P.A. No. 2484
Special Matters

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



6-1162-RCN-1936

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Other Special Matters

Reference: Purchase Agreement No. 2484 (the **Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 787 aircraft (**Aircraft**)

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. ***

1.1 *** Boeing will provide *** concurrently with the delivery of each Block A and Block B Aircraft in the Purchase Agreement as of the date hereof. The *** for such Aircraft. The amount of such *** will be calculated in accordance with Paragraph 4 (***) below. For purposes of this calculation, the original delivery dates are set forth below:

<u>Original Delivery Dates</u>	<u>787-8</u>	<u>787-9</u>	<u>Block A or Block B Aircraft?</u>
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block A
***	1		Block B
***	2		Block A
***	1		Block A
***		1	Block A
***		1	Block A
***		1	Block B
***		1	Block A
***		1	Block A
***		2	Block A
***		1	Block A
***		2	1 Block A; 1 Block B
***		1	Block B
***		2	1 Block A; 1 Block B
***		1	Block A
***		1	Block A
***		1	Block A
***		1	Block A
***		1	Block A

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Other Special Matters

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



1.2 *** Boeing will *** concurrently with the delivery of each Block A and Block B Aircraft in the Purchase Agreement as of the date hereof *** for such Aircraft, except as provided in Paragraph 2.1.

1.3 *** For each Block A and Block B Aircraft in the Purchase Agreement as of the date hereof, Boeing will *** Customer *** under this Paragraph 1.3). Each *** concurrently with the delivery of each *** delivered *** delivery scheduled *** the first and second *** deliveries correspond to the *** Aircraft delivery, the third and fourth *** deliveries correspond to the *** Aircraft delivery and so on. Because the majority of *** the corresponding 787 Aircraft for which Customer *** toward the ***, Customer agrees that if it does not take delivery of an Aircraft, then the *** corresponding 787 Aircraft *** Boeing, unless Customer *** the Purchase Agreement with respect to such 787 Aircraft under *** the Purchase Agreement, in which case, Customer *** Boeing.

1.4 *** See paragraph 3.2 below.

2. Aircraft Termination

2.1 If Customer has exercised its termination right under Paragraph 6 of this Agreement or pursuant to any other right of Customer to do so under the Purchase Agreement with respect to an Aircraft, Boeing *** with respect to such Aircraft. In such case, *** by Customer, United Air Lines, Inc., or United Continental Holdings, Inc. (**UAL Companies**) in respect of ***.

2.2 For the convenience of the parties, any *** under this Letter Agreement may be ***, but shall be deemed *** in accordance with the terms hereof, regardless of whether ***.

P.A. No. 2484
Other Special Matters

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



3. Option Aircraft

3.1 Customer's Option Aircraft are scheduled by month. Upon exercise of an Option Aircraft, Boeing has the right to *** in Attachment B to Letter Agreement No. 6-1162-MSA-547R4; provided, that Boeing will *** to *** such Option Aircraft ***. Such *** will not be considered ***, and all applicable terms and conditions set forth in the Purchase Agreement (e.g., Airframe Price Adjustment and Engine Price Adjustment and advance payments) shall be aligned ***.

3.2 Subject to and contingent on Customer's exercise of an Option Aircraft no later than 24 months prior to the first day of the then current scheduled month of delivery, *** concurrently with the delivery of each such Option Aircraft *** for such exercised Option Aircraft. The total number of option aircraft in the Purchase Agreement and United Air Lines, Inc. Purchase Agreement no. 3860 between Boeing and United Air Lines, Inc. (**United Purchase Agreement**) *** is ***, which is the total number of Option Aircraft in the Purchase Agreement and the United Purchase Agreement as of the date hereof.

3.3 Customer may elect to place an exercised Option Aircraft ***, and in either such case, subject to execution of supplemental agreements to amend *** Customer's Purchase Agreement ***.

4. Escalation Adjustment ***

4.1 Airframe Escalation Adjustment ***. Boeing *** each Block A and Block B Aircraft in the Purchase Agreement as of the date hereof ***. The intent of ***, as provided for in the Purchase Agreement, between *** contained in Table 1 to the Purchase Agreement. For the purposes of this Letter Agreement and the ***, the term "Optional Features" will not include IFE ***.

4.2 Airframe Escalation Adjustment ***. The *** will be determined by *** Paragraph *** of the Purchase Agreement) *** under Letter Agreement No. 6-1162-MSA-552R7 as in effect on the date hereof, adjusted for escalation as provided in the Purchase Agreement, if applicable) *** in Table 1 to the Purchase Agreement (*** under Letter Agreement No. 6-1162-MSA-552R7 as in effect on the date hereof, adjusted for escalation as provided in the Purchase Agreement, if applicable).

4.3 Engine Escalation ***. In addition to the ***, Boeing *** in Table 1 to the Purchase Agreement.

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



5. Changes to *** Programs

5.1 ***. Customer, United Air Lines, Inc., and Boeing have previously entered into agreements regarding *** for certain model 757, 767 and 777 aircraft. Boeing hereby agrees that *** Customer and/or United Air Lines, Inc. may *** under such agreements, will henceforth be provided *** by Customer and United Air Lines, Inc. ***. Boeing will provide *** to *** Customer and United Air Lines, Inc. which *** under such agreements.

5.2 *** the Program ***. Customer's aircraft under the *** (Letter Agreement No. *** to purchase agreement no. *** between Customer and Boeing) *** such aircraft. In such case, Customer will ***. In no event will Customer be required to *** of such aircraft.

6. *** Aircraft ***

The rights and obligations of Customer and Boeing for any *** delivery of the Aircraft *** to the Purchase Agreement or the delivery *** will be as follows and as set forth in Paragraph 7:

6.1 For an *** (as defined in Section *** of the AGTA), in the delivery of an Aircraft *** to the Purchase Agreement or the delivery ***, Article *** of the AGTA shall.

6.2. A *** is defined as any *** delivery of any Aircraft *** to the Purchase Agreement or the delivery *** for exercised Option Aircraft *** pursuant to Article *** of the AGTA.

6.2.1 Customer will *** the Purchase Agreement or (ii) an exercised Option Aircraft *** to a *** of the *** for such Aircraft *** such Delivery Date (the ***); provided that the foregoing shall not apply with respect to any Aircraft for which the Purchase Agreement has been terminated pursuant to ***.

6.2.2 For *** of the delivery date in Table 1 to the Purchase Agreement. All other terms and conditions of the Purchase Agreement will remain in effect *** Aircraft.

6.2.3 For a ***, Customer *** the Purchase Agreement *** such Aircraft so delayed (including exercised Option Aircraft). *** Boeing *** delivery date of an Aircraft, *** to Customer ***. So long as Boeing provides ***, Customer agrees to give *** after the occurrence of either (i) the date of ***, or (ii) *** Aircraft informing Customer of *** Aircraft *** the delivery *** Boeing in respect of which Customer ***. In addition:

6.2.3.1 For Block A and Block B Aircraft in the Purchase Agreement *** such Aircraft has *** the delivery date in Table 1 to the Purchase Agreement and ***



Boeing *** Customer *** the Aircraft *** with respect to the *** of such Aircraft *** with respect to such Aircraft are referred to herein as ***) and shall be *** Aircraft. The *** under this Paragraph 6.2.3.1 *** Customer ***, will ***. All other terms and conditions of the Purchase Agreement will remain in effect for that Aircraft. The *** is *** to and not *** Aircraft under Paragraphs ***.

6.2.3.2 For Block A and Block B Aircraft in the Purchase Agreement *** Boeing *** Customer *** with respect to the *** of such Aircraft *** *** Aircraft ***. The *** under this Paragraph 6.2.3.2 *** Customer *** will ***. In addition, Customer shall *** Aircraft under Paragraphs *** and to *** as described in Paragraph ***.

6.2.3.3 For exercised Option Aircraft, if the *** respective Aircraft is *** such Aircraft has ***, then (x) *** Boeing and (y) *** the delivery date of such Aircraft in Table 1 to the Purchase Agreement.

6.2.3.4 For exercised Option Aircraft, if the ***, then *** the terms of this Letter Agreement *** Boeing with respect to such Aircraft.

6.2.4 If Customer elects to *** with respect to any Aircraft, as provided in Paragraph 6.2.3 above, such *** such Aircraft under the Purchase Agreement including but not limited to all ***, and

(i) Boeing *** Customer for the respective Aircraft, and

(ii) Boeing may elect, by written notice to Customer within *** thereafter, to *** the Aircraft *** Customer, and

(iii) if the *** Aircraft was a Block A or a Block B Aircraft in the Purchase Agreement as of the date hereof, then within *** business days of *** Boeing *** Customer provided for under Paragraphs *** and *** provided for in Paragraph ***, and

6.2.5 if the period of ***, ***, then Customer ***.

6.3 Boeing acknowledges that it is not intended that this Letter Agreement *** any of Customer's Aircraft. Accordingly, Boeing agrees that Customer *** 787 aircraft *** and that Boeing *** Customer's 787 ***.

7. ***

Customer agrees that the *** in this Letter Agreement are *** Aircraft *** in Table 1 to the Purchase Agreement *** and *** and are *** Customer *** in connection with such *** of any *** Customer in connection with ***. For the avoidance of doubt, Customer *** may have under the Purchase Agreement *** Aircraft ***. Provided that Boeing *** Customer the *** in this Letter Agreement with respect to ***, Customer *** Boeing ***.

P.A. No. 2484
Other Special Matters

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



8. ***

Customer agrees that *** under the Purchase Agreement *** with Boeing and *** Customer *** notice from Boeing *** it may have ***, Boeing *** Customer with at least *** written notice of its intent to do so, *** Customer under the *** to ***, provided, however, that Boeing *** under the Purchase Agreement with respect to any Aircraft that is subject to ***. If Boeing *** Customer ***, absent instruction from Boeing to the contrary, Customer *** that the *** to the *** under the Purchase Agreement. Nothing herein shall constitute ***. Boeing ***.

For purposes of this paragraph, the term "Boeing" means and includes The Boeing Company, its divisions***.

9. Assignment

The rights and obligations described in this Letter Agreement are provided in consideration of Customer (or any successor) taking delivery of their respective Aircraft and becoming the operator of such Aircraft. This Agreement cannot be assigned, in whole or in part, by one party without the prior written consent of the other party; provided that a party may assign its interest to a corporation that (i) results from any merger or reorganization of such party or (ii) acquires substantially all the assets of such party.

10. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Without obtaining the prior written consent of the other parties and except as required by law, each party will limit the disclosure of its contents to its employees who have a need to know for purposes of helping such party perform its obligations under the Purchase Agreement and who will treat the information as confidential.

P.A. No. 2484
Other Special Matters

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President – Finance and Treasurer

P.A. No. 2484
Other Special Matters

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

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6-1162-RCN-1937

Continental Airlines, Inc.

1600 Smith Street
Houston, Texas 77002

Subject: Performance Guarantees - Block B Aircraft

Reference: Purchase Agreement No. 2484 (the **Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 787 aircraft (the **Aircraft**)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. The terms of this Letter Agreement apply exclusively to the aircraft identified in Table 1 to the Purchase Agreement as Block B Aircraft (**Block B Aircraft**). Letter Agreement No. 6-1162-MSA-551R2 applies exclusively to the aircraft identified in Table 1 to the Purchase Agreement as Block A Aircraft (**Block A Aircraft**).

Boeing agrees to provide Customer with the performance guarantees in the attachment hereto. The performance guarantees in the attachment specific to the GENX-1B*** engine model for the 787-8 and GENX-1B*** for the 787-9 are subject to change if a different GENx model is configured for the Aircraft. These guarantees are exclusive and expire upon delivery of the Aircraft to Customer.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, is considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

P.A. No. 2484
Performance Guarantees – Block B Aircraft

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Page 1

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President – Finance and Treasurer

P.A. No. 2484

Performance Guarantees – Block B Aircraft

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

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**MODEL 787-8 PERFORMANCE GUARANTEES
FOR CONTINENTAL AIRLINES, INC.**

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	SOUND LEVELS
4	AIRCRAFT CONFIGURATION
5	GUARANTEE CONDITIONS
6	GUARANTEE COMPLIANCE
7	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 787-8 Aircraft with a maximum takeoff weight of *** pounds, a maximum landing weight of ***pounds, and a maximum zero fuel weight of ***pounds, and equipped with Boeing furnished GENx-1B*** engines.

2 FLIGHT PERFORMANCE

2.1 Enroute One-Engine-Inoperative Altitude

The FAA approved gross weight at an enroute one-engine-inoperative altitude of *** feet at which the available gross climb gradient equals *** percent on an ISA+10°C day using not more than maximum continuous thrust, shall not be less than the following guarantee value:

NOMINAL: *** Pounds
TOLERANCE: *** Pounds
GUARANTEE: *** Pounds

2.2 Altitude Capability - All Engines Operating

2.2.1 The altitude capability at a gross weight of *** pounds, on an ISA+10°C day, at *** Mach number, and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL: *** Feet
TOLERANCE: *** Feet
GUARANTEE: *** Feet

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust.
- 2) The Aircraft shall be capable of maintaining a rate of climb of *** feet per minute using not more than maximum climb thrust.
- 3) The Aircraft shall be capable of at least a ***g maneuver load factor at buffet onset.

2.2.2 The gross weight capability at an altitude of *** feet, on an ISA+10°C day, at *** Mach number, and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust.
- 2) The Aircraft shall be capable of maintaining a rate of climb of *** feet per minute using not more than maximum climb thrust.
- 3) The Aircraft shall be capable of at least a ***g maneuver load factor at buffet onset.

2.3 Mission

2.3.1 Mission Range

The still air range with a *** pound payload using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Nautical Miles
TOLERANCE:	***	Nautical Miles
GUARANTEE:	***	Nautical Miles

Conditions and operating rules:

Still Air Range: The still air range is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is ***.

The takeoff gross weight is ***the airport conditions.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to ***feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from ***feet above the departure airport altitude to *** feet altitude at *** KCAS.
The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.
The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.
The climb continues at *** Mach number to the initial cruise altitude.
The temperature is standard day during climb.
Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at *** Mach number.
The initial cruise altitude is *** feet.
A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.
The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.
Throughout the descent, the cabin pressure is controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is a *** airport.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds
Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds

2.3.2 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

- Takeoff:
- The airport altitude is *** feet.
 - The airport temperature is ***°F.
 - The takeoff runway available (TORA) is *** feet.
 - The takeoff distance available (TODA) is *** feet.
 - The accelerate-stop distance available (ASDA) is *** feet.
 - The lineup allowance adjustment to TORA and TODA is *** feet.
 - The lineup allowance adjustment to ASDA is *** feet.
 - The runway slope is *** percent uphill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

- | | Distance | Height |
|----|----------|----------|
| 1. | *** feet | *** feet |
| 2. | *** feet | *** feet |

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.
The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.
The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.
The climb continues at *** Mach number to the initial cruise altitude.
The temperature is standard day during climb.
Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at *** Mach number.
The initial cruise altitude is *** feet.
A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.
The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.
Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach
and Landing
Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** feet.

Fixed
Allowances:

For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds

2.3.3 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is *** feet.

The airport temperature is ***°F.

The takeoff runway available (TORA) is ***feet.

The takeoff distance available (TODA) is ***feet.

The accelerate-stop distance available (ASDA) is *** feet.

The lineup allowance adjustment to TORA and TODA is *** feet.

The lineup allowance adjustment to ASDA is *** feet.

The runway slope is *** percent downhill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	*** feet	*** feet
2.	*** feet	*** feet
3.	*** feet	*** feet
4.	*** feet	*** feet
5.	*** feet	*** feet
6.	*** feet	*** feet
7.	*** feet	*** feet
8.	*** feet	*** feet
9.	*** feet	*** feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to ***feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.

The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.

The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at ***Mach number.

The initial cruise altitude is *** feet.

A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds

2.3.4 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is *** feet.

The airport temperature is ***°F.

The takeoff runway available (TORA) is *** feet.

The takeoff distance available (TODA) is *** feet.

The accelerate-stop distance available (ASDA) is ***feet.

The lineup allowance adjustment to TORA and TODA is *** feet.

The lineup allowance adjustment to ASDA is *** feet.

The runway slope is *** percent uphill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	*** feet	*** feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to ***feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.

The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.

The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at *** Mach number.

The initial cruise altitude is *** feet.

A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds

2.3.5 Mission Block Fuel

The block fuel for a stage length of *** nautical miles in still air with a *** pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

- Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.
- Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.
- Takeoff: The airport altitude is ***.
The takeoff gross weight is not limited by the airport conditions.
The takeoff gross weight shall conform to FAA Regulations.
- Climbout Maneuver: Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.
- Climb: The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.
The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.
The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at *** Mach number.

The initial cruise altitude is *** feet.

A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent:

The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.

Throughout the descent, the cabin pressure is controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and
Landing Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is a *** airport.

Fixed Allowances:

For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel	***	Pounds
Distance	***	Nautical Miles

Approach and Landing Maneuver:

Fuel	***	Pounds
------	-----	--------

Taxi-In (shall be consumed from the reserve fuel):

Fuel	***	Pounds
------	-----	--------

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds

2.3.6 Operational Empty Weight Basis

The Operational Empty Weight (OEW) derived in Paragraph 2.3.7 is the basis for the mission guarantees of Paragraphs 2.3.1, 2.3.2, 2.3.3, 2.3.4, and 2.3.5.

2.3.7 Weight Summary - Continental Airlines

	Pounds
Standard Model Specification MEW	***

*** (***) CC / (***) YC) Interior	
GEnx Engines	
***Lb. Maximum Taxi Weight	
***USG Fuel Capacity	
Changes for Continental Airlines*	
***	***

***	***
***	***
***	***
***	***
***	***
Continental Airlines Manufacturer's Empty Weight (MEW)	***
Standard and Operational Items Allowance (Paragraph 2.3.8)	***
Continental Airlines Operational Empty Weight (OEW)	***

	Quantity	Pounds	Pounds
Seat Weight Included*			***
***	***	***	
***	***	***	
***	***	***	
***	***	***	
***	***	***	
***	***	***	

2.3.8 Standard and Operational Items Allowance

	Qty	lb	lb	lb
Standard Items Allowance				***
Unusable Fuel				***
Oil				***
Oxygen Equipment				***
Portable Oxygen Bottles	***	***		
Miscellaneous Equipment				***
First Aid Kits	***	***		
Crash Axe	***	***		
Megaphones	***	***		
Flashlights	***	***		
Smoke Goggles	***	***		
Smoke Hoods	***	***		
Galley Structure & Fixed Inserts (*** cu ft @ ***lb/cu ft)				***
Operational Items Allowance				***
Crew and Crew Baggage				***
Flight Crew (*** @ *** lb. ea.)	***	***		
Cabin Crew (*** @ *** lb. ea.)	***	***		
Baggage (*** @ *** lb. ea.)	***	***		
Navigation Bags & Manuals (*** @ *** lb. ea.)	***	***		
Catering Allowance & Removable Inserts: *** Meal Service				***
First Class	***	***		
Business Class	***	***		
Economy Class	***	***		
Tourist Class	***	***		
Passenger Service Equipment (*** @ *** lb. ea.)				***
Potable Water - (180 USG)				***
Waste Tank Disinfectant				***
Emergency Equipment (Includes Over Water Equip.)				***
Slide Rafts: Main Entry	***	***		
Life Vests	***	***		
Locator Transmitter	***	***		
Cargo System				***
Pallets (*** @ *** lb ea.)		***		
Containers (*** @ *** lb ea.)		***		
Total Standard and Operational Items Allowance				***

3 SOUND LEVELS

3.1 Community Sound Levels

The Aircraft shall be certified in accordance with the requirements of 14 CFR Part 36, Stage 4 and ICAO Annex 16, Volume 1, Chapter 4.

3.2 Cumulative Noise Certification Margin to Chapter 4 / Stage 4 Rule

The Cumulative Noise Certification Margin to the Chapter 4 / Stage 4 Rule shall not be less than ***EPNdB.

3.3 Departure Condition

The sound level for Departure Noise shall be defined as the numerical average of flyover (with thrust cutback) and lateral noise certification values. The Departure Noise level for this aircraft with a brake release gross weight of *** pounds shall qualify this aircraft for the London "QC1" noise quota count class as defined in United Kingdom AIP Supplement S8/2009 applicable 29 March 2009, and shall not be greater than the following guarantee value:

GUARANTEE: ***EPNdB

3.4 Arrival Condition

The sound level for Arrival Noise shall be defined as *** EPNdB less than the approach noise certification value. The Arrival Noise level for this aircraft with a landing gross weight of *** pounds shall qualify this aircraft for the London "QC1" noise quota count class as defined in United Kingdom AIP Supplement S8/2009 applicable 29 March 2009, and shall not be greater than the following guarantee value:

GUARANTEE: ***EPNdB

4 AIRCRAFT CONFIGURATION

- 4.1** The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Boeing Document ***, plus any changes mutually agreed to or otherwise allowed by the Purchase Agreement to be incorporated into the original release of the Customer's Detail Specification (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.
- 4.2** The guarantee payloads of Paragraph 2.3.2, 2.3.3, and 2.3.4, the specified payload of the Paragraph 2.3.5 block fuel guarantee, and the specified payload of the Paragraph 2.3.1 range guarantee will be adjusted by Boeing for the effect of the following on OEW in its evidence of compliance with the guarantees:
- (1) Changes to the Detail Specification or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.
 - (2) The difference between the seat weight allowances to be incorporated into the Detail Specification and the actual weights.

5 GUARANTEE CONDITIONS

- 5.1** All guaranteed performance data are based on the International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.
- 5.2** The Federal Aviation Administration (FAA) regulations referred to in this Attachment are, unless otherwise specified, Code of Federal Regulations 14, Part 25 amended by Amendments 25-1 through 25-117, subject to the approval of the Federal Aviation Administration.

- 5.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraphs 3.1 or 5.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.
- 5.4 The takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, *** mph tires, with anti-skid operative. The takeoff performance is based on an alternate forward center of gravity limit of *** percent of the mean aerodynamic chord. The takeoff performance is based on engine power extraction for normal operation of the air conditioning with thermal anti-icing turned off and ***. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.
- 5.5 The enroute one-engine-inoperative altitude guarantee is based on engine power extraction for air conditioning with one pack operating. No engine power extraction for thermal anti-icing is provided unless otherwise specified. ***
- 5.6 The all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine power extraction for normal operation of the air conditioning system. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of ***°F, and all air conditioning systems operating normally. No engine power extraction for thermal anti-icing is provided unless otherwise specified. ***
- 5.7 The all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location, as determined by Boeing, not to be aft of *** percent of the mean aerodynamic chord.
- 5.8 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of ***BTU per pound and a fuel density of *** pounds per U.S. gallon.

5.9 Cumulative Noise Certification Margin to the Chapter 4 / Stage 4 rule shall be defined as ***dB less than the sum of the differences between the three certification values (flyover with cutback, peak lateral, and approach) of the Aircraft with respect to the three noise limits defined in ICAO Annex 16, Volume 1, Chapter 3 and 14 CFR Part 36 Stage 3.

6 GUARANTEE COMPLIANCE

- 6.1 Compliance with the guarantees of Sections 2 and 3 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 4 and the guarantee conditions of Section 5.
- 6.2 Compliance with the enroute one-engine-inoperative altitude, the buffet onset portion of altitude capability guarantee, the takeoff portion of the mission guarantee, and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 787-8.
- 6.3 Compliance with the all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 6.4 The OEW used for compliance with the mission guarantees shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 03-60-00 of the Detail Specification.
- 6.5 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 6.6 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

7 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

**MODEL 787-9 PERFORMANCE GUARANTEES
FOR CONTINENTAL AIRLINES, INC.**

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	SOUND LEVELS
4	AIRCRAFT CONFIGURATION
5	GUARANTEE CONDITIONS
6	GUARANTEE COMPLIANCE
7	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the “Performance Guarantees”) are applicable to the 787-9 Aircraft with a maximum takeoff weight of *** pounds, a maximum landing weight of ***pounds, and a maximum zero fuel weight of *** pounds, and equipped with Boeing furnished GENx-1B*** engines.

2 FLIGHT PERFORMANCE

2.1 Enroute One-Engine-Inoperative Altitude

The FAA approved gross weight at an enroute one-engine-inoperative altitude of *** feet at which the available gross climb gradient equals *** percent on an ISA+10°C day using not more than maximum continuous thrust with engine and wing anti-ice bleed on, shall not be less than the following guarantee value:

NOMINAL:	*** Pounds
TOLERANCE:	*** Pounds
GUARANTEE:	*** Pounds

2.2 Altitude Capability - All Engines Operating

2.2.1 The altitude capability at a gross weight of *** pounds, on an ISA+10°C day, at *** Mach number, and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL:	*** Feet
TOLERANCE:	*** Feet
GUARANTEE:	*** Feet

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust.
- 2) The Aircraft shall be capable of maintaining a rate of climb of *** feet per minute using not more than maximum climb thrust.
- 3) The Aircraft shall be capable of at least a ***g maneuver load factor at buffet onset.

2.2.2 The gross weight capability at an altitude of *** feet, on an ISA+10°C day, at *** Mach number, and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL:	*** Pounds
TOLERANCE:	*** Pounds
GUARANTEE:	*** Pounds

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust.
- 2) The Aircraft shall be capable of maintaining a rate of climb of *** feet per minute using not more than maximum climb thrust.
- 3) The Aircraft shall be capable of at least a ***g maneuver load factor at buffet onset.

2.3 **Mission**

2.3.1 **Mission Range**

The still air range with a *** pound payload using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	*** Nautical Miles
TOLERANCE:	*** Nautical Miles
GUARANTEE:	*** Nautical Miles

Conditions and operating rules:

Still Air Range: The still air range is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is ***.

The takeoff gross weight is *** the airport conditions.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.
The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.
The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.
The climb continues at *** Mach number to the initial cruise altitude.
The temperature is standard day during climb.
Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at *** Mach number.
The initial cruise altitude is *** feet.
A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.
The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.
Throughout the descent, the cabin pressure is controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach
and Landing
Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** airport.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds.

2.3.2 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

- Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.
- Takeoff:
 - The airport altitude is *** feet.
 - The airport temperature is ***°F.
 - The takeoff runway available (TORA) is *** feet.
 - The takeoff distance available (TODA) is *** feet.
 - The accelerate-stop distance available (ASDA) is *** feet.
 - The lineup allowance adjustment to TORA and TODA is *** feet.
 - The lineup allowance adjustment to ASDA is *** feet.
 - The runway slope is *** percent uphill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	*** feet	*** feet
2.	*** feet	*** feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to ***feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.

The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.

The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at *** Mach number.

The initial cruise altitude is *** feet.

A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent:

The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and
Landing Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** feet.

Fixed Allowances:

For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds.

2.3.3 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is *** feet.

The airport temperature is ***°F.

The takeoff runway available (TORA) is *** feet.

The takeoff distance available (TODA) is *** feet.

The accelerate-stop distance available (ASDA) is *** feet.

The lineup allowance adjustment to TORA and TODA is *** feet.

The lineup allowance adjustment to ASDA is *** feet.

The runway slope is *** percent downhill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	*** feet	*** feet
2.	*** feet	*** feet
3.	*** feet	*** feet
4.	*** feet	*** feet
5.	*** feet	*** feet
6.	*** feet	*** feet
7.	*** feet	*** feet
8.	*** feet	*** feet
9.	*** feet	*** feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.

The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.

The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at *** Mach number.
The initial cruise altitude is *** feet.
A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.
The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.
Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.
The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.
The destination airport altitude is *** feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:
Fuel *** Pounds

Takeoff and Climbout Maneuver:
Fuel *** Pounds
Distance *** Nautical Miles

Approach and Landing Maneuver:
Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: ***Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds.

2.3.4 Mission Payload

The payload for a stage length of *** nautical miles in still air (equivalent to a distance of *** nautical miles with a *** knot headwind, representative of a *** to *** route in ***) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL: *** Pounds
TOLERANCE: *** Pounds
GUARANTEE: *** Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is *** feet.

The airport temperature is ***°F.

The takeoff runway available (TORA) is *** feet.

The takeoff distance available (TODA) is *** feet.

The accelerate-stop distance available (ASDA) is *** feet.

The lineup allowance adjustment to TORA and TODA is *** feet.

The lineup allowance adjustment to ASDA is *** feet.

The runway slope is *** percent uphill.

The following obstacle definition is based on a straight out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	*** feet	*** feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.

The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.

The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.

The climb continues at *** Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at *** Mach number.

The initial cruise altitude is *** feet.

A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent:

The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of ***feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and Landing Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is *** feet.

Fixed Allowances:

For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: ***Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds.

2.3.5 Mission Block Fuel

The block fuel for a stage length of *** nautical miles in still air with a *** pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

NOMINAL:	***	Pounds
TOLERANCE:	***	Pounds
GUARANTEE:	***	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Takeoff: The airport altitude is ***.

The takeoff gross weight is *** the airport conditions.

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to *** feet, the Aircraft accelerates to *** KCAS while climbing to *** feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from *** feet above the departure airport altitude to *** feet altitude at *** KCAS.
The Aircraft then accelerates at a rate of climb of *** feet per minute to the recommended climb speed for minimum block fuel.
The climb continues at the recommended climb speed for minimum block fuel until *** Mach number is reached.
The climb continues at *** Mach number to the initial cruise altitude.
The temperature is standard day during climb.
Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at *** Mach number.
The initial cruise altitude is *** feet.
A step climb or multiple step climbs of *** feet altitude may be used when beneficial to minimize fuel burn.
The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at *** KCAS to an altitude of *** feet above the destination airport altitude.
Throughout the descent, the cabin pressure is controlled to a maximum rate of descent equivalent to *** feet per minute ***.

The temperature is standard day during descent.

Approach and
Landing Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is a *** airport.

Fixed Allowances:

For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-Out:

Fuel *** Pounds

Takeoff and Climbout Maneuver:

Fuel *** Pounds

Distance *** Nautical Miles

Approach and Landing Maneuver:

Fuel *** Pounds

Taxi-In (shall be consumed from the reserve fuel):

Fuel *** Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: *** Pounds

For information purposes, the reserve fuel is based on *** percent of a contingency allowance equivalent to the fuel required for a *** minute cruise on a standard day at an *** Mach number, *** feet and a maximum landing weight of *** Pounds.

2.3.6 Operational Empty Weight Basis

The Operational Empty Weight (OEW) derived in Paragraph 2.3.7 is the basis for the mission guarantees of Paragraphs 2.3.1, 2.3.2, 2.3.3, 2.3.4, and 2.3.5.

2.3.7 Weight Summary - Continental Airlines

	Pounds
Standard Model Specification MEW	***

*** (***) CC / (***) YC) Interior	
GEnx Engines	
***Lb. Maximum Taxi Weight	
***USG Fuel Capacity	
Changes for Continental Airlines*	
***	***

***	***
Continental Airlines Manufacturer's Empty Weight (MEW)	***
Standard and Operational Items Allowance (Paragraph 2.3.8)	***
Continental Airlines Operational Empty Weight (OEW)	***

	Quantity	Pounds	Pounds
Seat Weight Included*			***
First Class Single	***	***	
Business Class Single	***	***	
Premium Economy Class Triple	***	***	
Economy Class Triple	***	***	
Economy Class Double	***	***	

2.3.8 Standard and Operational Items Allowance

	Qty	lb	lb	lb
Standard Items Allowance				***
Unusable Fuel				***
Oil				***
Oxygen Equipment				***
Portable Oxygen Bottles	***	***		
Miscellaneous Equipment				***
First Aid Kits	***	***		
Crash Axe	***	***		
Megaphones	***	***		
Flashlights @ C/A Sta.	***	***		
Smoke Goggles	***	***		
Smoke Hoods	***	***		
Galley Structure & Fixed Inserts (*** cu ft @ ***lb/cu ft)				***
Operational Items Allowance				***
Crew and Crew Baggage				***
Flight Crew (*** @ ***lb. ea.)	***	***		
Cabin Crew (*** @ *** lb. ea.)	***	***		
Baggage (*** @ *** lb. ea.)	***	***		
Navigation Bags & Manuals (*** @ *** lb. ea.)	***	***		
Catering Allowance & Removable Inserts: *** Meal Service				***
First Class	***	***		
Business Class	***	***		
Economy Class	***	***		
Tourist Class	***	***		
Passenger Service Equipment (***@ *** lb. ea.)				***
Potable Water - (210 USG)				***
Waste Tank Disinfectant				***
Emergency Equipment (Includes Over Water Equip.)				***
Slide Rafts: Main Entry	***	***		
Life Vests	***	***		
Locator Transmitter	***	***		
Cargo System				***
Pallets (*** @ *** lb ea.)				***
Containers (*** @ *** lb ea.)				***
Total Standard and Operational Items Allowance				***

3 SOUND LEVELS

3.1 Community Sound Levels

The Aircraft shall be certified in accordance with the requirements of 14 CFR Part 36, Stage 4 and ICAO Annex 16, Volume 1, Chapter 4.

3.2 Cumulative Noise Certification Margin to Chapter 4 / Stage 4 Rule

The Cumulative Noise Certification Margin to the Chapter 4 / Stage 4 Rule shall not be less than ***EPNdB.

3.3 Departure Condition

The sound level for Departure Noise shall be defined as the numerical average of flyover (with thrust cutback) and lateral noise certification values. The Departure Noise level for this aircraft with a brake release gross weight of *** pounds shall qualify this aircraft for the London “QC2” noise quota count class as defined in United Kingdom AIP Supplement S8/2009 applicable 29 March 2009, and shall not be greater than the following guarantee value:

GUARANTEE: ***EPNdB

3.4 Arrival Condition

The sound level for Arrival Noise shall be defined as *** EPNdB less than the approach noise certification value. The Arrival Noise level for this aircraft with a landing gross weight of *** pounds shall qualify this aircraft for the London “QC1” noise quota count class as defined in United Kingdom AIP Supplement S8/2009 applicable 29 March 2009, and shall not be greater than the following guarantee value:

GUARANTEE: ***EPNdB

4 AIRCRAFT CONFIGURATION

- 4.1** The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Boeing Document ***, plus any changes mutually agreed to or otherwise allowed by the Purchase Agreement to be incorporated into the original release of the Customer's Detail Specification (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.
- 4.2** The guarantee payloads of Paragraph 2.3.2, 2.3.3, and 2.3.4, the specified payload of the Paragraph 2.3.5 block fuel guarantee, and the specified payload of the Paragraph 2.3.1 range guarantee will be adjusted by Boeing for the effect of the following on OEW in its evidence of compliance with the guarantees:
- (1) Changes to the Detail Specification or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.
 - (2) The difference between the seat weight allowances to be incorporated into the Detail Specification and the actual weights.

5 GUARANTEE CONDITIONS

- 5.1** All guaranteed performance data are based on the International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.
- 5.2** The Federal Aviation Administration (FAA) regulations referred to in this Attachment are, unless otherwise specified, Code of Federal Regulations 14, Part 25 amended by Amendments 25-1 through 25-117, subject to the approval of the Federal Aviation Administration.

- 5.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraphs 3.1 or 5.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.
- 5.4 The takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 235 mph tires, and with anti-skid operative. The takeoff performance is based on an Aircraft alternate forward center of gravity limit of 19.5 percent of the mean aerodynamic chord. The takeoff performance is based on engine power extraction for normal operation of the air conditioning with thermal anti-icing turned off and ***. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.
- 5.5 The enroute one-engine-inoperative altitude guarantee is based on engine power extraction for air conditioning with one pack operating. No engine power extraction for thermal anti-ice is provided unless otherwise specified. The APU is turned off unless otherwise specified.
- 5.6 The all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine power extraction for normal operation of the air conditioning system. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of ***°F, and all air conditioning systems operating normally. No engine power extraction for thermal anti-icing is provided unless otherwise specified.

- 5.7 The all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location, as determined by Boeing, not to be aft of *** percent of the mean aerodynamic chord.
- 5.8 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of ***BTU per pound and a fuel density of *** pounds per U.S. gallon.

5.9 Cumulative Noise Certification Margin to the Chapter 4 / Stage 4 rule shall be defined as ***dB less than the sum of the differences between the three certification values (flyover with cutback, peak lateral, and approach) of the Aircraft with respect to the three noise limits defined in ICAO Annex 16, Volume 1, Chapter 3 and 14 CFR Part 36 Stage 3.

6 GUARANTEE COMPLIANCE

- 6.1 Compliance with the guarantees of Sections 2 and 3 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 4 and the guarantee conditions of Section 5.
- 6.2 Compliance with the enroute one-engine-inoperative altitude, the buffet onset portion of the all-engine altitude capability guarantees, the takeoff portion of the mission guarantee, and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 787-9.
- 6.3 Compliance with the all-engine altitude capability guarantees, and the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 6.4 The OEW used for compliance with the mission guarantees shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 03-60-00 of the Detail Specification.
- 6.5 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 6.6 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

7 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

6-1162-RCN-1938

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: *** Guarantee for
787-8 – Block B Aircraft

Reference: Purchase Agreement No. 2484 (the **Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 787 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

The Attachment A1 to Letter Agreement No. 6-1162-RCN-1937 contains performance guarantees (**Performance Guarantees**) for the Block B model 787-8 Aircraft. Paragraph *** of the Performance Guarantees includes a *** guarantee (***** Guarantee**) which will be effective and applicable to the Block B model 787-8 Aircraft in accordance with such Letter Agreement. Boeing offers the following program *** in the event that the guarantee compliance report furnished to Customer for the Block B model 787-8 Aircraft pursuant to Article 5.4 of the AGTA shows *** Guarantee.

1. Demonstration of Compliance.

Article 5.4 of the AGTA and Letter Agreement No. 6-1162-RCN-1937 provide a procedure for demonstration of compliance with the Performance Guarantees prior to delivery. That method will be used to *** Guarantee which *** in the *** as described below.

2. Rights and Obligations in the Event the *** to *** the *** Guarantee.

2.1 Aircraft Delivery. In the event any Block B model 787-8 Aircraft, at the time of tender by Boeing for delivery to Customer *** to *** with the *** Guarantee, Customer shall *** of such Aircraft ***, subject to the terms and conditions hereinafter set forth.

2.2 Correction of *** with the *** Guarantee. To the extent economically and technically practicable, Boeing will *** to *** improvement parts (**Improvement Parts**) which, when installed in such Aircraft or engines, would result in an improvement in the ***

P.A. No. 2484

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*** Guarantee – 787-8

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



performance. Boeing shall *** Customer’s incorporation of such improvements, corrections, or changes *** between Boeing and Customer ***, as applicable. Improvement Parts related to *** shall apply also to *** on terms *** Customer. Boeing *** shall give Customer *** written notice of the estimated on-dock date at Customer’s maintenance base for any such Improvement Parts.

2.2.1 If Boeing elects to provide, or causes to be provided, Improvement Parts for such Aircraft ***, then Customer and Boeing shall mutually agree upon the details of such an Improvement Parts program. To the extent Boeing *** support such a program, such support *** to Customer.

*** Customer elects to incorporate Improvement Parts in such Aircraft ***, they shall be incorporated within *** days after the delivery of such Improvement Parts to Customer for modifications that can be accomplished on the line. Improvement Parts which require more extensive modifications *** shall be installed within the mutually agreed period of time. All Improvement Parts shall be incorporated in accordance with Boeing *** instructions.

2.2.3 Boeing shall not be obligated to furnish any Improvement Parts in addition to those necessary to cause the Aircraft to *** with the *** Guarantee.

3. ***

3.1 In the event that Boeing has not provided*** Improvement Parts to correct the *** of the Aircraft to meet the *** Guarantee, such *** will ***. For the avoidance of doubt, *** by Boeing for any portion of the *** corrected for by Improvement Parts that have not been incorporated as set forth in paragraph 3.4 below.

3.2 *** Boeing *** Customer annually for *** for the immediately preceding twelve (12) month period (**Annual Period**). The “***” is the *** in such Annual Period. The “***” is defined as ***

(a) ***

(b) The following definitions shall apply herein:

*** will be used.

*** guarantee *** for Paragraph *** of the Performance Guarantees shown in the guarantee *** report and *** in accordance with Paragraph 1 above.



*** for Paragraph *** of the Performance Guarantees shown in the guarantee *** report and *** in accordance with Paragraph 1 above.

*** Aircraft ***

3.3 *** Customer pursuant to paragraph 3.2 above *** Boeing ***, which may be ***, as appropriate. In no event shall *** Customer pursuant to Paragraph 3.2 above exceed an amount of One Hundred Ninety Three *** Aircraft ***. Any *** under this Letter Agreement shall be *** the Aircraft by Customer.

3.4 ***. The *** performance improvement attributable to any Improvement Parts shall be determined by analysis based on data supplied by *** and certified to be correct ***. *** such improvement shall be deemed to be the *** of improvement *** based on the data furnished pursuant to Article 5.4 of the AGTA and the data furnished pursuant to this Paragraph 3.4. If Customer elects not to incorporate Improvement Parts in such Aircraft as set forth above, *** consistent with the improvement in *** performance which would have been realized had such Improvement Parts been incorporated.

4. ***

Boeing and Customer agree that it is not the intent of the parties under this Letter Agreement to cause Boeing *** to provide *** to Customer under this Letter Agreement and (i) any other Boeing aircraft performance-related *** in the Purchase Agreement and (ii) Engine Manufacturer's direct *** to Customer.

5. Assignment.

This Letter Agreement and the *** of Boeing set forth herein are exclusively for the benefit of Customer as owner and/or operator of the Aircraft. It is therefore agreed such Letter Agreement may not be assigned, in whole or in part, without the prior written consent of Boeing; provided that Customer may assign its interest to a corporation that (i) results from any merger or reorganization of Customer or (ii) acquires substantially all the assets of Customer.

6. ***

*** in this Letter Agreement *** Boeing in accordance with the terms and conditions of this Letter Agreement is *** Customer *** Boeing and *** Customer *** the Aircraft *** the *** Guarantee. Customer *** Boeing *** the Aircraft *** the *** Guarantee.

P.A. No. 2484

*** Guarantee – 787-8

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



7. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Without obtaining the prior written consent of the other party and except as required by law, each party agrees to limit the disclosure of its contents to its employees with a need to know the contents for purposes of helping such party perform its obligations under the Purchase Agreement and who will treat the information as confidential.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President – Finance and Treasurer

P.A. No. 2484

*** Guarantee – 787-8

6-1162-RCN-1939

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: *** Guarantee for
787-9 – Block B Aircraft

Reference: Purchase Agreement No. 2484 (the **Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 787 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

The Attachment A2 to Letter Agreement No. 6-1162-RCN-1937 contains performance guarantees (**Performance Guarantees**) for the Block B model 787-9 Aircraft. Paragraph *** of the Performance Guarantees includes a *** guarantee (***) which will be effective and applicable to the Block B model 787-9 Aircraft in accordance with such Letter Agreement. Boeing offers the following program *** in the event that the guarantee compliance report furnished to Customer for the Block B model 787-9 Aircraft pursuant to Article *** of the AGTA shows *** Guarantee.

1. Demonstration of Compliance.

Article 5.4 of the AGTA and Letter Agreement No. 6-1162-RCN-1937 provide a procedure for demonstration of compliance with the Performance Guarantees prior to delivery. That method will be used to *** Guarantee which *** will result in the *** as described below.

2. Rights and Obligations in the Event the *** to *** the *** Guarantee.

2.1 Aircraft Delivery. In the event any Block B model 787-9 Aircraft, at the time of tender by Boeing for delivery to Customer *** to *** with the *** Guarantee, Customer shall *** such Aircraft ***, subject to the terms and conditions hereinafter set forth.

2.2 Correction of *** with the *** Guarantee. To the extent economically and technically practicable, Boeing will *** to *** improvement parts (**Improvement Parts**) which, when installed in such Aircraft or engines, would result in an improvement in the *** performance. Boeing shall *** Customer's incorporation of such improvements, corrections,

P.A. No. 2484
*** Guarantee – 787-9

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or changes at the warranty labor *** between Boeing and Customer ***, as applicable. Improvement Parts related to *** shall apply also to *** on terms *** Customer. Boeing *** shall give Customer *** written notice of the estimated on-dock date at Customer’s maintenance base for any such Improvement Parts.

2.2.1 If Boeing elects to provide, or causes to be provided, Improvement Parts for such Aircraft ***, then Customer and Boeing shall mutually agree upon the details of such an Improvement Parts program. To the extent Boeing *** support such a program, such support shall be provided at no charge to Customer.

2.2.2 If *** elects to incorporate Improvement Parts in such Aircraft ***, they shall be incorporated within *** days after the delivery of such Improvement Parts to Customer for modifications that can be accomplished on the line. Improvement Parts which require more extensive modifications *** shall be installed within the mutually agreed period of time. All Improvement Parts shall be incorporated in accordance with Boeing *** instructions.

2.2.3 Boeing shall not be obligated to furnish any Improvement Parts in addition to those necessary to cause the Aircraft to *** with the Block Fuel Guarantee.

3. ***

3.1 In the event that Boeing has not provided*** Improvement Parts to correct the *** of the Aircraft to meet the *** Guarantee, such *** will ***. For the avoidance of doubt, *** by Boeing for any portion of the *** corrected for by Improvement Parts that have not been incorporated as set forth in paragraph 3.4 below.

3.2 *** Boeing *** to Customer *** for *** for the immediately preceding twelve (12) month period (**Annual Period**). The “***” is the *** in such Annual Period. The “***” is defined as ***

(a) ***

(b) The following definitions shall apply herein:

*** will be used.

*** for Paragraph *** of the Performance Guarantees shown in the guarantee *** report and *** in accordance with Paragraph 1 above.

*** for Paragraph *** of the Performance Guarantees shown in the guarantee *** report and *** in accordance with Paragraph 1 above.



*** Aircraft ***

*** Aircraft ***

3.3 *** Customer pursuant to paragraph 3.2 above *** Boeing ***, which may be ***, as appropriate. In no event shall *** Customer pursuant to Paragraph 3.2 above exceed an amount of *** Aircraft ***. Any *** under this Letter Agreement shall be *** the Aircraft *** Customer.

3.4 *** The *** of performance improvement attributable to any Improvement Parts shall be determined by analysis based on data supplied by *** and certified to be correct ***. *** such improvement shall be deemed to be the amount of improvement *** based on the data furnished pursuant to Article 5.4 of the AGTA and the data furnished pursuant to this Paragraph 3.4. If Customer elects not to incorporate Improvement Parts in such Aircraft as set forth above*** consistent with the improvement in *** performance which would have been realized had such Improvement Parts been incorporated.

4. ***

Boeing and Customer agree that it is not the intent of the parties under this Letter Agreement to cause Boeing *** to provide *** to Customer under this Letter Agreement and (i) any other Boeing aircraft performance-related *** in the Purchase Agreement and (ii) Engine Manufacturer's direct *** to Customer.

5. Assignment.

This Letter Agreement and the *** of Boeing set forth herein are exclusively for the benefit of Customer as owner and/or operator of the Aircraft. It is therefore agreed such Letter Agreement may not be assigned, in whole or in part, without the prior written consent of Boeing; provided that Customer may assign its interest to a corporation that (i) results from any merger or reorganization of Customer or (ii) acquires substantially all the assets of Customer.

6. ***

*** this Letter Agreement *** Boeing in accordance with the terms and conditions of this Letter Agreement is *** Customer *** Boeing and *** Customer *** the Aircraft *** the *** Guarantee. Customer *** Boeing *** the Aircraft *** the *** Guarantee.

7. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Without obtaining the prior written consent of the other party and except



as required by law, each party agrees to limit the disclosure of its contents to its employees with a need to know the contents for purposes of helping such party perform its obligations under the Purchase Agreement and who will treat the information as confidential.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President – Finance and Treasurer

P.A. No. 2484

*** Guarantee – 787-9

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

6-1162-RCN-1940

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Model 787 Post-Delivery Software & Data Loading

Reference: a) Purchase Agreement No. 2484 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and Continental Airlines, Inc. (**Customer**) relating to Model 787 aircraft (**Aircraft**)
b) Letter Agreement 6-1162-AJH-929, entitled "787 In-Production Software License Order"
c) Customer Services General Terms Agreement No. 24-1 (**CSGTA**) between Boeing and Customer, including Supplemental Agreement for Electronic Access (**SA-EA**), Supplemental Agreement for e-Enabling (**SA-eE**), and 787 Software License Orders

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Introduction

Prior to title transfer of the Aircraft to Customer, Boeing baseline production software will be installed in the Aircraft. Such production software will be used by Boeing, and may be used by Customer during standard customer inspection activities, to test and validate applicable e-enabling features and associated hardware, including but not limited to features such as: a Boeing offered catalogue in-flight entertainment (**IFE**) system, ***, electronic documents, *** and electronic checklist (**ECL**). Operational software, as set out in Article 1 and Article 2 below, will not be installed temporarily or permanently on an Aircraft prior to the transfer by Boeing of title to that Aircraft to Customer or a party designated by Customer.

1. Boeing-Provided Operational Software and Data.

Pursuant to the Purchase Agreement and applicable 787 software license order(s), immediately following title transfer of the Aircraft to Customer, Boeing will, upon Customer's request, load Boeing-provided operational software and data onto onboard loadable hardware that enable the Aircraft to operate certain e-enabled features as described in the Purchase Agreement and applicable 787 software license order(s).

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787 Post-Delivery Software and Dataloading

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BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY



2. Customer-Provided Operational Software and Data.

2.1 *** Software. If Customer has elected to customize software or modify settings and features of selected onboard software or databases from what is set forth in Exhibit A of the Purchase Agreement, at Customer's request, Boeing will provide a courtesy load of Customer's version of such operational software immediately following title transfer of the Aircraft. Boeing will load Customer's operational software if it is provided to Boeing within specified lead times and schedule. If Customer fails to provide the operational software in accordance with Boeing's instructions, the Aircraft will be solely configured with the Boeing baseline production software in lieu of Customer's operational software.

2.2 *** and/or Other Third Party Operational Software and Databases. If Customer provides Customer-developed software applications or has licensed additional software or databases from *** and/or other third party supplier for installation onto an onboard loadable system, at Customer's request, Boeing will also provide a courtesy load of such operational software immediately following title transfer of the Aircraft. If Customer fails to provide such operational software in accordance with Boeing's instructions, Boeing will not load this software.

2.3 IFE Customer Software. IFE Customer Software shall mean any software which is obtained by the Customer from a source other than Boeing for installation in the IFE system. Boeing will make the Aircraft available to Customer's IFE supplier for loading of the IFE Customer Software via Customer authorized work order(s) immediately following title transfer of the Aircraft. The time required for the IFE supplier to complete the loading of the IFE Customer Software is estimated to be approximately *** hours. If Customer fails to make appropriate arrangements with its IFE supplier in accordance with Boeing instructions, the Aircraft will be solely configured with Boeing's baseline production software for the Boeing catalogue selected IFE configuration. Boeing's FAA approved Repair Station will *** to Customer or its IFE supplier to revise the IFE system hardware or IFE Customer Software while the Aircraft is on Boeing property prior to delivery flyaway, even if an FAA approved service bulletin is available for such revision.

3. Additional Terms and Conditions.

3.1 With respect to Customer-provided operational software and data referenced in Article 2.1 and 2.2, above, Customer shall grant, and/or shall obtain from the suppliers, a *** license for Boeing to copy and load such software on the Aircraft. Boeing will retain a copy of such software/data for loading on future Aircraft deliveries, however, Boeing expects Customer to provide updated operational software applications and databases for each Aircraft delivery. Boeing will treat all copies of this software/data in confidence and use the same only as specifically authorized under the terms of this Letter Agreement.

P.A. No. 2484
787 Post-Delivery Software and Dataloading

BOEING / CONTINENTAL AIRLINES, INC. PROPRIETARY

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3.2 The loading services performed by Boeing pursuant to this Letter Agreement will be performed in a workmanlike manner. The time required to complete the Boeing-performed loading services is estimated to be approximately *** hours per attempt. Customer's sole remedy and Boeing's sole obligation and liability for the loading services performed by Boeing if such courtesy load is not successful the first attempt are limited to re-performance by Boeing of the courtesy load ***.

3.2.1 If any Customer-provided operational software referred to in Article 2.1 above fails to reload successfully, the Aircraft will be solely configured with the Boeing baseline production software.

3.2.2 If any Customer-provided operational software referred to in Article 2.2 fails to reload successfully, Boeing will not be responsible to make further loading attempts and Aircraft fly-away will occur as scheduled.

3.3 If any IFE Customer Software fails to load successfully, Customer shall make alternate loading arrangements with its IFE supplier for loading after the Aircraft has flown-away. In such an event, and upon Customer's request, Boeing will install the Boeing baseline production software for the Boeing catalogue selected IFE configuration prior to Aircraft fly-away.

3.4 Customer is responsible for functional testing, verification, quality assurance, and operational approval of all Customer-provided operational software.

3.5 A dual signature (Boeing and Customer) Onboard Authentication System (OAS) *** will be installed on the Aircraft giving access to Boeing and Customer, which is required to perform data and software loads after title transfer of the Aircraft. After fly-away, Customer will remove Boeing's access key and certificates from the OAS.

3.6 Customer will *** Boeing *** the installation or use of Customer-provided operational software by Boeing pursuant to this Letter Agreement. ***

3.7 The DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of the Aircraft General Terms Agreement (AGTA) between Boeing and Customer and the insurance provisions of Article 8.2 of the AGTA shall apply to Boeing's loading of all software and data pursuant to this Letter Agreement. For purposes of this Article 3.7, all software and data provided directly by Boeing will be defined as ***. Title to and risk of loss of the Aircraft will always remain with Customer during Boeing's performance of all post title transfer services.



Very truly yours,

THE BOEING COMPANY

By /s/ ***

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 7, 2012

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its _____

P.A. No. 2484
787 Post-Delivery Software and Dataloading

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United Continental Holdings, Inc. and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements

(In millions, except ratios)	2012	2011	2010	2009	2008
Earnings (losses):					
Earnings (loss) before income taxes & adjustments for minority interest	\$ (723)	\$ 846	\$ 255	\$ (667)	\$ (5,419)
Add (deduct):					
Fixed charges, from below	1,526	2,017	1,292	949	910
Amortization of capitalized interest	9	7	5	3	2
Distributed earnings of affiliates	—	1	2	2	2
Interest capitalized	(37)	(32)	(15)	(10)	(20)
Equity earnings in affiliates	(4)	(6)	(4)	(4)	(6)
Minority interest	(1)	(1)	(2)	(1)	(2)
Earnings (loss) as adjusted	<u>\$ 770</u>	<u>\$ 2,832</u>	<u>\$ 1,533</u>	<u>\$ 272</u>	<u>\$ (4,533)</u>
Fixed charges:					
Interest expensed and capitalized and amortization of premiums, debt discounts, issuance costs, and capital expenditures (a)	\$ 835	\$ 949	\$ 798	\$ 577	\$ 571
Portion of rental expense representative of the interest factor	691	1,068	494	372	339
Fixed charges, as above	1,526	2,017	1,292	949	910
Preferred stock dividend requirements (pre-tax) (b)	—	—	—	—	3
Fixed charges including preferred stock dividends	<u>\$ 1,526</u>	<u>\$ 2,017</u>	<u>\$ 1,292</u>	<u>\$ 949</u>	<u>\$ 913</u>
Ratio of earnings to fixed charges	<u>(c)</u>	<u>1.40</u>	<u>1.19</u>	<u>(d)</u>	<u>(e)</u>
Ratio of earnings to fixed charges and preferred stock dividends	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(e)</u>

(a) Amortization of debt discounts includes amortization of fresh-start valuation discounts.

(b) Dividends were adjusted using the effective tax rate for each applicable year.

(c) Earnings were inadequate to cover fixed charges by \$756 million in 2012.

(d) Earnings were inadequate to cover fixed charges by \$677 million in 2009.

(e) Earnings were inadequate to cover both fixed charges and fixed charges and preferred stock and dividend requirements by \$5.4 billion in 2008.

N/A Not applicable, as there were no preferred stock dividends in this period.

United Air Lines, Inc. and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements

(In millions, except ratios)	2012	2011	2010	2009	2008
Earnings (losses):					
Earnings (loss) before income taxes & adjustments for minority interest	\$ (1,178)	\$ 285	\$ 389	\$ (643)	\$ (5,375)
Add (deduct):					
Fixed charges, from below	790	892	992	950	911
Amortization of capitalized interest	8	7	5	3	2
Distributed earnings of affiliates	—	1	2	2	2
Interest capitalized	(15)	(15)	(11)	(10)	(20)
Equity earnings in affiliates	(4)	(3)	(3)	(4)	(6)
Minority interest	(1)	(1)	(2)	(1)	(2)
Earnings (loss) as adjusted	<u>\$ (400)</u>	<u>\$ 1,166</u>	<u>\$ 1,372</u>	<u>\$ 297</u>	<u>\$ (4,488)</u>
Fixed charges:					
Interest expensed and capitalized and amortization of premiums, debt discounts, issuance costs, and capital expenditures (a)	\$ 496	\$ 595	\$ 695	\$ 577	\$ 571
Portion of rental expense representative of the interest factor	294	297	297	373	340
Fixed charges, as above	790	892	992	950	911
Preferred stock dividend requirements (pre-tax) (b)	—	—	—	—	3
Fixed charges including preferred stock dividends	<u>\$ 790</u>	<u>\$ 892</u>	<u>\$ 992</u>	<u>\$ 950</u>	<u>\$ 914</u>
Ratio of earnings to fixed charges	<u>(c)</u>	<u>1.31</u>	<u>1.38</u>	<u>(d)</u>	<u>(e)</u>
Ratio of earnings to fixed charges and preferred stock dividends	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(e)</u>

(a) Amortization of debt discounts includes amortization of fresh-start valuation discounts.

(b) Dividends were adjusted using the effective tax rate for each applicable year.

(c) Earnings were inadequate to cover fixed charges by \$1.2 billion in 2012.

(d) Earnings were inadequate to cover fixed charges by \$653 million in 2009.

(e) Earnings were inadequate to cover both fixed charges and fixed charges and preferred stock and dividend requirements by \$5.4 billion in 2008.

N/A Not applicable, as there were no preferred stock dividends in this period.

Continental Airlines, Inc.
Computation of Ratio of Earnings to Fixed Charges
(In millions, except ratios)

	Successor			Predecessor		
	Year Ended December 31, 2012	Year Ended December 31, 2011	Three Months Ended December 31, 2010	Nine Months Ended September 30, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Earnings:						
Earnings (loss) before income taxes and minority interest	\$ 522	\$ 563	\$ (99)	\$ 442	\$ (439)	\$ (695)
Less:						
Undistributed earnings of equity investees	—	—	—	—	—	9
Plus:						
Interest expense	326	342	86	288	367	376
Capitalized interest	(22)	(17)	(4)	(17)	(33)	(33)
Amortization of capitalized interest	1	—	—	27	36	35
Portion of rent expense representative of interest expense	397	771	197	684	907	934
	<u>\$ 1,224</u>	<u>\$ 1,659</u>	<u>\$ 180</u>	<u>\$ 1,424</u>	<u>\$ 838</u>	<u>\$ 608</u>
Fixed charges:						
Interest expense	\$ 326	\$ 342	\$ 86	\$ 288	\$ 367	\$ 376
Portion of rent expense representative of interest expense	397	771	197	684	907	934
Total fixed charges	<u>723</u>	<u>1,113</u>	<u>283</u>	<u>972</u>	<u>1,274</u>	<u>1,310</u>
Coverage adequacy (deficiency)	<u>\$ 501</u>	<u>\$ 546</u>	<u>\$ (103)</u>	<u>\$ 452</u>	<u>\$ (436)</u>	<u>\$ (702)</u>
Coverage ratio (a)	<u>1.69</u>	<u>1.49</u>	<u>N/A</u>	<u>1.47</u>	<u>N/A</u>	<u>N/A</u>

(a) For purposes of calculating this ratio, earnings consist of income before income taxes and cumulative effect of changes in accounting principles adjusted for undistributed income of companies in which Continental has a minority equity interest plus interest expense (net of capitalized interest), the portion of rental expense representative of interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expense, the portion of rental expense representative of interest expense, the amount amortized for debt discount, premium and issuance expense and interest previously capitalized. For the three months ended December 31, 2010 and the years ended December 31, 2009 and 2008, earnings were inadequate to cover fixed charges and the coverage deficiency was \$103 million, \$436 million and \$702 million, respectively.

N/A Not applicable, as earnings are inadequate to cover fixed charges.

United Continental Holdings, Inc., United Air Lines, Inc. and Continental Airlines, Inc.
Subsidiaries

(as of February 25, 2013)

<u>Entity</u>	<u>Jurisdiction of Incorporation</u>
United Continental Holdings, Inc.	Delaware
<i>Wholly-owned subsidiaries*</i> :	
Air Wis Services, Inc.	Wisconsin
• Air Wisconsin, Inc.	Wisconsin
• Domicile Management Services, Inc.**	Delaware
Continental Airlines, Inc.	Delaware
• Air Micronesia, Inc.	Delaware
• Continental Micronesia, Inc.	Delaware
• CAL Cargo, S.A. de C.V.**	Mexico
• CALFINCO Inc.	Delaware
• Century Casualty Company	Vermont
• Continental Airlines de Mexico, S.A.**	Mexico
• Continental Airlines Domain Name Limited	England
• Continental Airlines Finance Trust II	Delaware
• Continental Airlines Fuel Purchasing Group, LLC	Delaware
• Continental Airlines, Inc. Supplemental Retirement Plan for Pilots Trust Agreement	Delaware
• Continental Airlines Purchasing Holdings LLC	Delaware
• Continental Airlines Purchasing Services LLC**	Delaware
• Continental Express, Inc.	Delaware
• Presidents Club of Guam, Inc.	Delaware
Four Star Insurance Company, Ltd.	Bermuda
UAL Benefits Management, Inc.	Delaware
United Air Lines, Inc.	Delaware
• Covia LLC**	Delaware
• Mileage Plus Holdings, LLC	Delaware
• MPH I, Inc.	Delaware
• Mileage Plus Marketing, Inc.	Delaware
• Mileage Plus, Inc.	Delaware
• United Aviation Fuels Corporation	Delaware
• United Cogen, Inc.	Delaware
• United Vacations, Inc.	Delaware

* Subsidiaries of United Continental Holdings, Inc. are wholly-owned unless otherwise indicated

** Domicile Management Services Inc. is 99.9% owned by Air Wis Services, Inc. and 0.1% owned by United Air Lines, Inc. CAL Cargo, S.A. de C.V. is 99.99% owned by Continental Air Lines, Inc. and .01% owned by CALFINCO Inc. Continental Airlines de Mexico, S.A. is 99.96% owned by Continental Airlines, Inc. and .04% owned by private entities. Continental Airlines Purchasing Services LLC is 99% owned by Continental Airlines Purchasing Holdings LLC and 1% owned by Continental Airlines, Inc. Covia LLC currently owns an approximately 56% equity interest in the Galileo Japan Partnership, a Delaware general partnership.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-181014),
- (2) Registration Statement (Form S-4 No. 333-167801),
- (3) Registration Statement (Form S-8 No. 333-165084),
- (4) Registration Statement (Form S-8 No. 333-158738),
- (5) Registration Statement (Form S-8 No. 333-151778),
- (6) Registration Statement (Form S-8 No. 333-150986),
- (7) Registration Statement (Form S-8 No. 333-131434),

of our reports dated February 25, 2013, with respect to the consolidated financial statements and schedule of United Continental Holdings, Inc. and the effectiveness of internal control over financial reporting of United Continental Holdings, Inc., included in this Annual Report (Form 10-K) of United Continental Holdings, Inc. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

Chicago, IL
February 25, 2013

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-181014) of our report dated February 25, 2013, with respect to the consolidated financial statements and schedule of United Air Lines, Inc., included in this Annual Report (Form 10-K) of United Air Lines, Inc. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

Chicago, IL
February 25, 2013

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-181014) of our report dated February 25, 2013, with respect to the consolidated financial statements and schedule of Continental Airlines, Inc., included in this Annual Report (Form 10-K) of Continental Airlines, Inc. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

Chicago, IL
February 25, 2013

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jeffery A. Smisek, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of United Continental Holdings, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Jeffery A. Smisek

Jeffery A. Smisek

Chairman, President and Chief Executive Officer

Date: February 25, 2013

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, John D. Rainey, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of United Continental Holdings, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

Date: February 25, 2013

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jeffery A. Smisek, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of United Air Lines, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Jeffery A. Smisek

Jeffery A. Smisek
Chairman, President and
Chief Executive Officer

Date: February 25, 2013

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, John D. Rainey, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of United Air Lines, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

Date: February 25, 2013

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jeffery A. Smisek, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of Continental Airlines, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Jeffery A. Smisek

Jeffery A. Smisek
Chairman, President and
Chief Executive Officer

Date: February 25, 2013

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, John D. Rainey, certify that:

- (1) I have reviewed this annual report on Form 10-K for the period ended December 31, 2012 of Continental Airlines, Inc. (the "Company");
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

Date: February 25, 2013

Certification of United Continental Holdings, Inc.
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

Each undersigned officer certifies that to the best of his knowledge based on a review of the annual report on Form 10-K for the period ended December 31, 2012 of United Continental Holdings, Inc. (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of United Continental Holdings, Inc.

Date: February 25, 2013

/s/ Jeffery A. Smisek

Jeffery A. Smisek
Chairman, President and
Chief Executive Officer

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

Certification of United Air Lines, Inc.
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

Each undersigned officer certifies that to the best of his knowledge based on a review of the annual report on Form 10-K for the period ended December 31, 2012 of United Air Lines, Inc. (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of United Air Lines, Inc.

Date: February 25, 2013

/s/ Jeffery A. Smisek

Jeffery A. Smisek
Chairman, President and
Chief Executive Officer

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

Certification of Continental Airlines, Inc.
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

Each undersigned officer certifies that to the best of his knowledge based on a review of the annual report on Form 10-K for the period ended December 31, 2012 of Continental Airlines, Inc. (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Continental Airlines, Inc.

Date: February 25, 2013

/s/ Jeffery A. Smisek

Jeffery A. Smisek
Chairman, President and
Chief Executive Officer

/s/ John D. Rainey

John D. Rainey
Executive Vice President and
Chief Financial Officer

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL
INFORMATION OF UNITED AND CONTINENTAL**

On May 2, 2010, UAL Corporation, Continental Airlines, Inc. (“Continental”) and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into an Agreement and Plan of Merger. On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the “Merger”). Upon closing of the Merger, UAL Corporation became the parent company of both United Air Lines, Inc. (“United”) and Continental and UAL Corporation’s name was changed to United Continental Holdings, Inc. (“UAL” or the “Company”).

The Company plans to merge United Air Lines, Inc. and Continental Airlines, Inc. into one legal entity (the “Airlines Merger”) in 2013. Once this legal merger occurs, the financial statements of United and Continental will be combined at their historical cost for all periods presented beginning on October 1, 2010, the date on which Continental became a wholly-owned subsidiary of UAL, and there will no longer be a requirement to separately report the historical financial statements of Continental.

The Unaudited Pro Forma Condensed Combined Balance Sheet of United and Continental combines the historical consolidated balance sheet of Continental and United as of December 31, 2012. The Unaudited Pro Forma Condensed Combined Statement of Operations of United and Continental for the year ended December 31, 2012 combines the historical consolidated statement of operations of Continental and United.

The Unaudited Pro Forma Condensed Combined Financial Statements of United and Continental were prepared by combining the historical financial information of both Continental and United. Pro forma statements that give effect to a business combination to be accounted for as a reorganization of entities under common control combine the historical financial statements of combining entities.

These Unaudited Pro Forma Condensed Combined Financial Statements have been developed from and should be read in conjunction with the consolidated financial statements of Continental and United contained in their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2012. The Unaudited Pro Forma Condensed Combined Financial Statements of United and Continental are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Continental or United would have been had the Airlines Merger occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET OF
UNITED AND CONTINENTAL**

December 31, 2012

In millions

	Historical			Condensed Combined Pro Forma
	Continental	United	Pro Forma Adjustments	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,999	\$ 2,766	\$ —	\$ 4,765
Short-term investments	1,447	326	—	1,773
Total unrestricted cash, cash equivalents and short-term investments	3,446	3,092	—	6,538
Restricted cash	—	65	—	65
Receivables, less allowance for doubtful accounts	144	1,194	—	1,338
Aircraft fuel, spare parts and supplies, less obsolescence allowance	293	402	—	695
Deferred income taxes	274	272	—	546
Receivables from related parties	1	2,767	(2,542)	226
Prepaid expenses and other	147	700	(5)	842
	<u>4,305</u>	<u>8,492</u>	<u>(2,547)</u>	<u>10,250</u>
Property and equipment, net	8,346	8,946	—	17,292
Other assets:				
Goodwill	4,523	—	—	4,523
Intangibles, less accumulated amortization	2,371	2,228	(3)	4,596
Receivables from related parties	—	270	(270)	—
Restricted cash, cash equivalents and investments	110	272	—	382
Other, net	458	594	—	1,052
	<u>7,462</u>	<u>3,364</u>	<u>(273)</u>	<u>10,553</u>
	<u>\$ 20,113</u>	<u>\$ 20,802</u>	<u>\$ (2,820)</u>	<u>\$ 38,095</u>

(continued on the next page)

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET OF UNITED AND CONTINENTAL
December 31, 2012
In millions

	Historical			Pro Forma Adjustments	Condensed Combined Pro Forma
	Continental	United			
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities:					
Advance ticket sales	\$ 39	\$ 3,321	\$ —	\$ 3,360	
Frequent flyer deferred revenue	—	2,364	—	2,364	
Accounts payable	798	1,518	—	2,316	
Accrued salaries and benefits	559	1,204	—	1,763	
Current maturities of long-term debt	722	1,090	—	1,812	
Current maturities of capital leases	3	119	—	122	
Payables to related parties	2,542	75	(2,542)	75	
Other	210	935	(5)	1,140	
	<u>4,873</u>	<u>10,626</u>	<u>(2,547)</u>	<u>12,952</u>	
Long-term debt	5,753	4,285	—	10,038	
Long-term obligations under capital leases	174	618	—	792	
Other liabilities and deferred credits:					
Frequent flyer deferred revenue	—	2,756	—	2,756	
Postretirement benefit liability	230	2,384	—	2,614	
Pension liability	2,303	97	—	2,400	
Advanced purchase of miles	—	1,537	—	1,537	
Deferred income taxes	822	648	—	1,470	
Payables to related parties	270	—	(270)	—	
Lease fair value adjustment, net	881	—	—	881	
Other	460	1,035	—	1,495	
	<u>4,966</u>	<u>8,457</u>	<u>(270)</u>	<u>13,153</u>	
Stockholder's equity:					
Common stock	—	—	—	—	
Additional capital invested	4,167	3,444	—	7,611	
Retained earnings (deficit)	1,001	(6,396)	(3)	(5,398)	
Accumulated other comprehensive loss	(821)	(232)	—	(1,053)	
	<u>4,347</u>	<u>(3,184)</u>	<u>(3)</u>	<u>1,160</u>	
	<u>\$ 20,113</u>	<u>\$ 20,802</u>	<u>\$ (2,820)</u>	<u>\$ 38,095</u>	

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS OF UNITED AND CONTINENTAL
Year ended December 31, 2012
In millions

	Historical		Pro Forma Adjustments	Condensed Combined Pro Forma
	Continental	United		
Operating revenue:				
Passenger-Mainline	\$ 12,081	\$ 13,723	\$ —	\$ 25,804
Passenger-Regional	2,910	3,869	—	6,779
Total passenger revenue	14,991	17,592	—	32,583
Cargo	353	665	—	1,018
Other operating revenue	1,631	2,704	(776)	3,559
	<u>16,975</u>	<u>20,961</u>	<u>(776)</u>	<u>37,160</u>
Operating expenses:				
Aircraft fuel	5,709	7,430	—	13,139
Salaries and related costs	3,559	4,234	153	7,946
Regional capacity purchase	963	1,507	—	2,470
Landing fees and other rent	902	1,030	(2)	1,930
Aircraft maintenance materials and outside repairs	654	1,163	(58)	1,759
Depreciation and amortization	592	930	—	1,522
Distribution expenses	668	684	—	1,352
Aircraft rent	680	313	—	993
Special charges	339	984	—	1,323
Other operating expenses	2,155	3,390	(869)	4,676
	<u>16,221</u>	<u>21,665</u>	<u>(776)</u>	<u>37,110</u>
Operating income (loss)	754	(704)	—	50
Nonoperating income (expense):				
Interest expense	(326)	(496)	—	(822)
Interest capitalized	22	15	—	37
Interest income	15	8	—	23
Miscellaneous, net	57	(2)	—	55
	<u>(232)</u>	<u>(475)</u>	<u>—</u>	<u>(707)</u>
Income (loss) before income taxes	522	(1,179)	—	(657)
Income tax expense (benefit)	(5)	9	—	4
Net income (loss)	<u>\$ 527</u>	<u>\$ (1,188)</u>	<u>\$ —</u>	<u>\$ (661)</u>

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS OF UNITED AND CONTINENTAL**Note 1. Basis of Presentation**

On May 2, 2010, UAL Corporation, Continental Airlines, Inc. (“Continental”) and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into an Agreement and Plan of Merger. On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the “Merger”). Upon closing of the Merger, UAL Corporation became the parent company of both United Air Lines, Inc. (“United”) and Continental and UAL Corporation’s name was changed to United Continental Holdings, Inc. (“UAL” or the “Company”).

The Company plans to merge United Air Lines, Inc. and Continental Airlines, Inc. into one legal entity (the “Airlines Merger”) in 2013. Once this legal merger occurs, the financial statements of United and Continental will be combined at their historical cost for all periods presented beginning on October 1, 2010, the date on which Continental became a wholly-owned subsidiary of UAL, and there will no longer be a requirement to separately report the historical financial statements of Continental.

The Unaudited Pro Forma Condensed Combined Balance Sheet of United and Continental combines the historical consolidated balance sheet of Continental and United on December 31, 2012. The Unaudited Pro Forma Condensed Combined Statement of Operations of United and Continental for the year ended December 31, 2012 combines the historical consolidated statement of operations of Continental and United for the year ended December 31, 2012.

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared by combining the historical financial information of both Continental and United. Pro forma statements that give effect to a business combination to be accounted for as a reorganization of entities under common control generally only combine the historical financial statements of combining entities.

Note 2. Pro Forma Adjustments

The Unaudited Pro Forma Condensed Combined Financial Statements of United primarily reflect the elimination of transactions and account balances between Continental and United.