AGREEMENT
between
CONTINENTAL AIRLINES, INC., UAL CORPORATION,
AND UNITED AIR LINES, INC.,
and the
PILOTS
in the service of
CONTINENTAL AIRLINES, INC. AND UNITED AIR LINES, INC.
as represented by
THE AIR LINE PILOTS ASSOCIATION

TRANSITION AND PROCESS AGREEMENT

THIS TRANSITION and PROCESS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between CONTINENTAL AIRLINES, INC., UAL CORPORATION, UNITED AIR LINES, INC., and the AIRLINE PILOTS in the service of CONTINENTAL AIRLINES, INC. and UNITED AIR LINES, INC, respectively, as represented by the AIR LINE PILOTS ASSOCIATION by and through the ALPA Master Executive Councils of the Continental and United Pilots.

Purpose of this Transition and Process Agreement
Continental and UAL have entered into an Agreement and Plan of Merger, dated as of May 2, 2010 to bring about a “merger of equals” business combination.

Under the Merger Agreement, effective on the Merger Closing Date, Continental and United will each become a wholly-owned direct subsidiary of United Continental Holdings, Inc. (currently UAL Corporation), conditioned on approvals of the shareholders of both Continental and UAL, receipt of regulatory clearance, and customary closing conditions.

Following the Merger Closing, United and Continental will each continue to operate as an air carrier but will integrate their marketing, reservations systems and livery, ultimately marketing and operating their service under a blend of the United name and Continental livery. They will also take the steps necessary to secure approval from the Federal Aviation Administration for operation under a single operating certificate, their intent being to achieve a Complete Operational Merger not later than the first half of 2012. Accordingly, as of the Operational Merger Date, Continental and United will not only do business as, but will have
The Parties, recognizing the value of the merger to the present and future shareholders of UAL and Continental, to the Pilots represented by ALPA, to the other employees of Continental and United, and to the traveling public, wish to begin the process to establish terms for a smooth and seamless movement from the present situation of separate Pilot groups employed by different airline companies and operating under separate contracts, to a single, unified Pilot group operating under a single contract, employed by a single air carrier within a single transportation system.

The present Transition and Process Agreement is the first step toward achieving this goal.

Therefore, the Parties agree as follows:

**Section 1**

**Definitions used in this Transition and Process Agreement**

1-A. **Air carrier.** An “air carrier” as defined in the Federal Aviation Act, as amended, 49 U.S.C. Section 40102(a)(2).

1-B. **Airline.** Either Continental or United.

1-C. **Airline Party.** Continental, UAL, United.

1-D. **ALPA; Association.** Air Line Pilots Association.

1-E. **Complete Operational Merger.** The operation of Continental and United as a single air carrier under a Single Operating Certificate issued by the FAA, after establishment of a single transportation system under the RLA, and under both the Joint Collective Bargaining Agreement and an Integrated Seniority List.

1-F. **Continental.** Continental Airlines, Inc.

1-G. **Continental CBA.** The collective bargaining agreement between ALPA and Continental, as in effect on the effective date of this Transition and Process Agreement in accordance with the provisions of the RLA.

1-H. **Continental MEC.** The ALPA Master Executive Council for the Continental Pilots.

1-I. **Continental Pilot.** A person on the Continental Pilots’ Seniority List within a craft or class represented by the Association.

1-J. **Integrated Seniority List; ISL.** The single Pilot Seniority List of
Continental and United Pilots resulting from the Seniority List Integration.

1-K. Joint Collective Bargaining Agreement; JCBA. The single comprehensive collective bargaining agreement to be negotiated between the Airline Parties and ALPA, subject to the Airline Parties’ and ALPA’s processes for approvals, ratification and necessary signatures, with the Parties intending the JCBA to apply on and after the Merger Closing Date (but recognizing that some JCBA terms will take effect on one or more later dates, such as the Operational Merger Date).

1-L. Joint Negotiating Committee; JNC. Each of the joint negotiating committees designated by the Airline Parties and by the Continental and United MECs for negotiation of this Transition and Process Agreement and the JCBA, one being the Airline JNC, the other the ALPA JNC.

1-M. Merger Agreement. Agreement and Plan of Merger, dated as of May 2, 2010, among Continental, UAL, and JT Merger Sub Inc.

1-N. Merger Agreement Date. May 2, 2010.

1-O. Merger Closing. The Closing as defined in Section 1.2 of the Merger Agreement.

1-P. Merger Closing Date. The date of the Closing as defined in Section 1.2 of the Merger Agreement.

1-Q. NMB. National Mediation Board.

1-R. Operational Merger Date. The first day of the Complete Operational Merger.

1-S. Party. An Airline Party or ALPA.

1-T. Pilot. A Continental Pilot or a United Pilot.

1-U. RLA. The Railway Labor Act, as amended, 45 U.S.C. Sec. 151 et seq.

1-V. Seniority List Integration; SLI. The process agreed upon by the Continental and United MECs, and approved by ALPA in accordance with ALPA Merger Policy, for achieving an Integrated Seniority List, pursuant to the Protocol attached hereto as Attachment B.

1-W. Single Operating Certificate. An air carrier certificate issued by the Federal Aviation Administration, under which Continental and United will operate as a single air carrier.

1-X. Single Transportation System. Operation of Continental and United as a single
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air carrier as determined by the NMB under Title II and Section 2, Ninth of the RLA.

1-Y. UAL. Until the Merger Closing, UAL Corporation; then United Continental Holdings, Inc.


1-AA. United CBA. The collective bargaining agreement between ALPA, UAL, and United, as in effect on the effective date of this Transition and Process Agreement in accordance with the provisions of the RLA.

1-BB. United MEC. The ALPA Master Executive Council for the United Pilots.

1-CC. United Pilot. A person on the United Pilots’ Seniority List within a craft or class represented by the Association.

Section 2

Negotiation of a Joint Collective Bargaining Agreement

2-A. The JNCs. The Airline JNC and the ALPA JNC will negotiate a tentative Joint Collective Bargaining Agreement, subject to the Parties’ processes for approval, ratification and signatures.

2-B. Additional Participants. Each JNC may designate subject matter experts, consultants, advisors and attorneys to participate or assist in the JCBA negotiations, providing to the other JNC advance notice of their attendance to the extent reasonably possible.

2-C. Schedule. The Parties intend to negotiate a JCBA so that, taking into account the period for completing full contract language in plain clear terms and for necessary management and ALPA approvals, ratification and signatures, it will take effect on the Merger Closing Date. To achieve this goal, negotiations will begin pursuant to Section 6 of the RLA on or about August 10, 2010, and unless they otherwise agree the JNCs will then meet in direct negotiations at least four whole or partial days every week until October 5, 2010 with the intent of completing the negotiations within that eight-week period.

2-D. Location. Unless a facilitator or mediator otherwise requests, the JNCs will meet in Denver or at any other agreed location.

2-E. Drafting. Each JNC will designate up to four members of a language drafting subcommittee, who are members of or advisors to that JNC, responsible for working to incorporate tentatively agreed terms into plain, clear contract terms for approval by the two JNCs.

2-F. Process. The JNCs will negotiate in a professional atmosphere and
environment conducive to negotiations, wearing appropriate business casual attire, avoiding unnecessary interruptions by electronic devices, limiting use of such devices for other purposes to agreed break times, and providing as much notice as possible of any necessary delay in a scheduled meeting or other proposed change to the schedule for negotiations. They will agree in advance of each meeting on an agenda for such meeting, attempting to set such an agenda far enough in advance to provide for adequate preparation for the relevant issues. They will strive to reach tentative agreements on sections on a schedule, recognizing that a tentative agreement on a provision within the JCBA will always be subject to tentative agreement on the entire JCBA.

2-G. ALPA JNC Time Off. With reasonable advance notice from the Association, Continental and United will each provide sufficient time off for preparation and participation in the JCBA negotiations to the ALPA JNC and a reasonable number of Pilots designated by the ALPA JNC co-chairman for his respective airline.

2-H. Information. The Airline Parties, on a reasonable and timely basis and as permitted by law, will provide to ALPA, the ALPA JNC (from both Airlines), and their advisors information in their possession relevant to understanding or analyzing JCBA proposals or which is necessary for completion of the Complete Operational Merger. A person receiving such information, if requested by an Airline Party, will execute a confidentiality agreement in the form previously executed by the Parties, protecting against disclosure of confidential information. No such information or analyses based on such information may be utilized in the Seniority List Integration without agreement of the Airline Parties and the ALPA SLI Merger Committees from both Airlines.

2-I. Pairing and Line Building Information. The Airline Parties will continue to provide the ALPA JNC and its designees existing access to, and use of, both Airline Parties’ relevant pairing building and line building software for the purpose of collaboratively studying hypothetical scenarios in support of the JCBA negotiations. Further, the Airline Parties will continue to provide the ALPA JNC and its designees existing access to the Airline Parties’ PBS and pairing software vendors.

2-J. Facilitator. The JNCs at any time may agree to jointly call on the services of an agreed facilitator, who may be a mediator designated by the NMB (with the consent of the JNCs) or another mediator whom the JNCs select.

2-K. Mediation for a JCBA. If the JNCs do not reach a tentative JCBA by October 12, 2010, the Parties (unless they otherwise agree) will apply to the NMB no later than October 14, 2010 under Sections 5 and 6 of the RLA, for mediation of the JCBA. If at any time the JNCs reach a tentative JCBA but it fails to be approved, ratified or executed under ALPA procedures, the Parties will apply for or resume the NMB’s mediatory services, unless they agree not to do so.
Section 3

Suspension and Resumption of Separate Negotiations and Mediation

3-A. Suspension of separate negotiations and mediation. Subject to Sections 2-K and 3-B, the Parties will suspend their present negotiations under the RLA for new separate collective bargaining agreements, and United and ALPA will jointly request the NMB to administratively close the current mediation between them.

3-B. Resumption of separate negotiations and mediation. Continental and ALPA will resume their negotiations for a separate agreement under Section 6 of the RLA, and United and ALPA will jointly request the NMB to reopen their mediation for a separate agreement under Sections 5 and 6 of the RLA, (i) within thirty (30) days after termination of this Transition and Process Agreement, or (ii) at the option of any Party on fifteen (15) days notice to the other Parties, if by May 1, 2011 the Merger Closing has not taken place, or (iii) at any time by agreement.

3-C. RLA. Except as specified by this Transition and Process Agreement, each Party retains its rights under the RLA.

Section 4

Separation of Operations

Continental and United will keep their flight operations separate until the Operational Merger Date, or except as the Parties otherwise agree, specifically as follows:

4-A. Collective bargaining agreements. The Continental CBA and United CBA will remain in effect for the respective Airlines and Pilot groups in accordance with the RLA except as modified by this Transition and Process Agreement or by the JCBA, or except as an Airline Party or Airline Parties and ALPA otherwise agree with respect to their particular CBA. Until the effective date of the JCBA, each of Continental and United will continue to operate under their respective Pilot CBAs as modified by this Transition and Process Agreement and by other agreements that may be entered into by ALPA and one or more Airline Parties with respect to their particular CBA.

4-B. Operations. The Continental Pilots and United Pilots will perform the work in accordance with their respective collective bargaining agreements, including flying and training, and neither Airline will interchange Pilots between their operations. Except for Pilots hired from one Airline by the other (whether before the effective date of this Transition and Process Agreement or under its terms), and except as may be needed to comply with conditions prescribed by the FAA for the purpose of transition to, and eventual operation under, a Single
Operating Certificate, neither Continental nor United may utilize in its flight operations or flight training operations a Pilot employed by the other Airline.

4-C. Aircraft.

(i) A list of all aircraft in the service of, or stored by, each Airline, and all orders, options and anticipated returns as set forth in the Airlines’ respective fleet plans as of May 2, 2010, is attached hereto as Attachment “A”. Such aircraft in the service of, stored by, or on order or option by United shall be designated as “United Aircraft” and such aircraft in the service of, stored by, or on order or option by Continental shall be designated as “Continental Aircraft.” Except for Pilots hired from one Airline by the other (whether before the effective date of this Transition and Process Agreement or under its terms) and except as may be needed to comply with conditions prescribed by the FAA for the purpose of transition to, and eventual operation under, a Single Operating Certificate, no Pilot of either Airline will fly as a crewmember on an aircraft in the fleet of the other Airline listed in Attachment A, or on an aircraft obtained from the represented value (as determined by a change order contained in a Supplemental Agreement to the original Boeing Purchase Agreement shown to the Association) of the orders or options of the other Airline as listed in Attachment A.

(ii) In the event that either Airline acquires aircraft not on Attachment A to replace aircraft on Attachment A, that aircraft shall be designated as a United Aircraft or Continental Aircraft based upon the aircraft being replaced. For purpose of this section, “replacement” means that the newly acquired aircraft can be matched, on a one-to-one basis, to an aircraft that has left or will leave the service of the Airline within six (6) months before or after the new aircraft enters service.

(iii) Further, with respect to aircraft not listed in Attachment A and not assigned under (ii) above (a) United Pilots will operate any B747, A321, A320, A319 or A318 aircraft and Continental Pilots will operate any B737 aircraft, and (b) as to all other aircraft, the Parties will apply the following procedure:

The Airline Parties will provide notice to ALPA of the intent to acquire any other aircraft not less than ninety days prior to such aircraft entering service, and will inform ALPA, to the extent known, the type, model and number of such aircraft, the type of engines on them, their ETOPS capability, if any, the airport(s) from which they are planned to be operated, and the extent to which such aircraft will be used as replacements for other aircraft then or previously operated. The United MEC and the Continental MEC (or their representatives) will promptly agree as to which Pilot group will operate such aircraft or will implement the process, including binding arbitration, under Section 12 below, if necessary, to determine the Association’s position regarding the allocation of such flying. In the event that the Airline Parties do not agree with the Association position, the dispute will be resolved in accordance with
Section 12 below. The resolution of the dispute will include the principles of assigning replacement aircraft to the same Airline and of maintaining to the extent practicable proportional growth between the Airlines.

Nothing in this paragraph 4-C, however, will prevent fleet reductions which either Airline can demonstrate are attributable to economic reasons not related to the Complete Operational Merger, or the retirement of existing aircraft in the normal course of business or as a result of casualty loss.

4-D. Domiciles. Neither Continental nor United will create or operate a new domicile, or add a new equipment type to an existing domicile, within one hundred fifty (150) miles of the other’s existing domicile, except that Continental may operate its B-787 aircraft using the EWR Base and/or may create an LAX B-737 Base for non-stop flying between LAX or its Co-terminal airports (i.e. ONT, BUR and SNA) and Hawaii or Continental hubs. Such LAX B-737 Base will not serve city pairs from LAX or its Co-terminal airports that do not have Continental service from those airports on the date of this Transition and Process Agreement. There shall be no reduction in the number of Pilots assigned to the United LAX domicile as a result of opening a Continental Base.

4-E. Co-Terminal Operations. Continental may operate scheduled trip pairings from any airport within a geographical location in a new Base, provided that:

(i) LAX pairings may only originate and terminate in LAX, ONT, BUR or SNA.

(ii) When a Pilot is scheduled to originate and terminate a trip pairing at an airport other than the designated Base airport he shall receive for the actual performance of the scheduled trip a mileage allowance of forty-five cents ($0.45) per mile or Continental policy, whichever is greater, for the round trip driving distance between the Base airport and the airport at which the trip originates and terminates.

(iii) In addition, such Pilot shall also receive fifteen dollars ($15.00) per hour and per diem as provided in Section 5, Part 2.A.1 of the Continental CBA, prorated, based on the time as shown in the table in Section 4-E (iv) below, or for airports not included in the table, the time calculated by MapQuest.

(iv) In the event a Pilot’s trip pairing originates at one airport and terminates at another Co-terminal airport, he shall be furnished transportation one way between one airport and the other at his option. A Pilot assigned to a pairing involving this type of operation shall advise Continental at least twenty-four hours (24:00) prior to the start of the pairing, or in the case of a reserve as soon as practical, the one direction in which he desires such transportation. When transportation does not leave within (30) minutes of actual block arrival such Pilot may use any other available means of ground transportation between one airport and the other and may claim reimbursement for expenses for such transportation on the regular
Continental expense account form and said Pilot shall be reimbursed therefore. Further, if a Pilot is required to fly or deadhead from an airport (other than his Base) serving his domicile and parking is not provided for his automobile, public facilities may be used and charges will be reimbursed by Continental.

(v) When a Pilot’s scheduled trip pairing originates out of one airport and terminates at another Co-terminal airport, the following times will be used to increase either the first or last duty period, depending on whether the time is provided at the beginning or end of the trip. Such times shall be considered as scheduled deadhead.

<table>
<thead>
<tr>
<th>Pairing</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAX-ONT</td>
<td>2:15</td>
</tr>
<tr>
<td>SFO-OAK</td>
<td>1:00</td>
</tr>
<tr>
<td>SEA-BFI</td>
<td>:45</td>
</tr>
<tr>
<td>DCA-BWI</td>
<td>1:10</td>
</tr>
<tr>
<td>IAD-BWI</td>
<td>1:45</td>
</tr>
<tr>
<td>LAX-BUR</td>
<td>1:15</td>
</tr>
<tr>
<td>MIA-FLL/PBI</td>
<td>2:00</td>
</tr>
<tr>
<td>MCO-TPA</td>
<td>2:15</td>
</tr>
<tr>
<td>MDW-ORD</td>
<td>2:00</td>
</tr>
<tr>
<td>DCA-IAD</td>
<td>1:10</td>
</tr>
<tr>
<td>SJC-SFO</td>
<td>1:00</td>
</tr>
<tr>
<td>PBI-FLL</td>
<td>1:00</td>
</tr>
<tr>
<td>LAX-SNA</td>
<td>2:00</td>
</tr>
</tbody>
</table>

(vi) For reserve Pilots assigned a trip originating at a Co-terminal airport other than the Base airport, the anticipated time to effectuate a block-out will be increased by the amount of time between the applicable airports listed in the table above. In the application of Section 4-E (v) to the scheduling of reserve Pilots, the time will be added to the end of the last duty period of the trip pairing at the time of the initial assignment.

(vii) When a Pilot’s return trip terminates at an airport serving his Base other than the airport at which his return trip was scheduled to terminate, the Pilot’s on-duty period shall be extended, based on the actual termination airport or the scheduled termination airport, whichever is greater, provided, that if in the actual operation a Pilot returns to the airport from which he was scheduled to originate, the provisions of this Paragraph shall not apply. However, in all cases Continental will provide transportation back to the originally scheduled terminating airport.

Section 5

Seniority List Integration

5-A. Integrated Seniority List. The seniority lists of United and Continental Pilots will be integrated pursuant to the Protocol attached hereto as Attachment B.
5-B. Acceptance of Integrated Seniority List. Subject only to the conditions stated below, the Parties will accept the results of the Seniority List Integration and incorporate them in the Joint Collective Bargaining Agreement.

(i) The Integrated Seniority List shall have only prospective effect. Specifically, and without limiting the generality of the foregoing, the following conditions shall apply:

   a. There shall be no "system flush" whereby a Pilot may displace another Pilot from the latter’s position as a result of the implementation of the Integrated Seniority List or the implementation or expiration of any condition or restriction; and

   b. Pilots on furlough status at the time the Integrated Seniority List is implemented may not bump or displace pilots in active status at that time; and

   c. Pilots who, at the time of implementation of an integrated seniority list, are in the process of completing or who have completed qualification training for a new position (e.g., B-777 Captain or A-319 First Officer) may be assigned to the position for which they are being or have been trained, regardless of their relative standing on the Integrated Seniority List.

(ii) There shall be no requirement or obligation to compensate Pilots for work not actually performed or positions not actually held during the period for which compensation is sought, as a result of the Integrated Seniority List and its implementation.

(iii) The Integrated Seniority List shall not contain conditions or restrictions that substantially increase the costs associated with training above those normally associated with the merger of two airlines.

5-C. Use of Integrated Seniority List. Unless the Parties otherwise agree they will not implement the ISL for any purpose prior to the Operational Merger Date.

5-D. Information for SLI. Subject to execution of confidentiality agreements and legal requirements, the Airline Parties will respond as quickly as possible to the Continental MEC and United MEC SLI Merger Committees’ reasonable requests for employment or other data and information for purposes of the Seniority List Integration. Any data or information provided by one of the Airline Parties to one MEC’s SLI Merger Committee shall be simultaneously provided to the other MEC’s SLI Merger Committee.

Section 6

Single FAA Operating Certificate and Single Transportation System

6-A. Single Operating Certificate. Commencing no later than the Merger Closing Date, the Airline Parties will take such actions as are necessary and
appropriate to securing expeditious approval of the FAA for the right to operate under a Single Operating Certificate.

6-B. Single Transportation System. The Airline Parties will provide to ALPA such support as it reasonably requests in order to secure expeditious recognition by the NMB of a Single Transportation System. Assuming the Airline Parties are continuing in good faith to meet their obligations under Section 2 hereof, no later than thirty (30) days following the Merger Closing Date, ALPA will file, and United and Continental will support, a petition with the NMB requesting that the NMB declare that United and Continental are operating as a single carrier within the meaning of the RLA.

6-C. Regulatory and Political Processes. Assuming the Airline Parties are continuing in good faith to meet their obligations under Section 2 hereof, ALPA will not oppose the Airline Parties’ efforts to obtain regulatory and political support and/or approval for the merger and Single Operating Certificate.

Section 7

Transition Job Security Protections

7-A. Furlough. Effective as of the Merger Agreement Date, no Continental or United Pilot (except Pilots hired after the Merger Closing Date, including those employed pursuant to Section 7-B below) will be placed on furlough, if at all, until the passage of one year after the Operational Merger Date. Nothing in this paragraph shall be construed to prohibit or require the recall of any Pilot on furlough as of the Merger Agreement Date.

7-B. Job Opportunities.

(i) If either Continental or United intends to hire new Pilots, it will first offer employment to fill such positions in seniority order to Pilots on furlough from the other Airline. Acceptance or rejection of such an offer or failure to qualify will not affect a Pilot’s recall rights or placement on the Integrated Seniority List (which shall be based upon his seniority position at the Pilot’s originating Airline). A Pilot accepting an offer under this provision will be subject to the normal background and employment requirements of the employing Airline. The Pilot will be an employee of the employing Airline, within the applicable ALPA council for that Airline, but will not be required to serve or complete a probation period. Such Pilot will be paid the greater of (1) the actual hourly pay rate he was receiving on the date of his furlough, or (2) the hourly pay rate to which his years of service at the employing Airline otherwise entitles.

(ii) No Pilot shall be entitled to more than two (2) offers of employment pursuant to this Section 7-B. If a Pilot declines the first offer, the employing Airline will not contact him for a second offer until he provides at least thirty (30) days notice
to the employing Airline in writing of his desire to re-enter the hiring process. At that time he will be eligible for the next available offer in seniority order.

(iii) Pilots employed pursuant to this Section 7-B will exercise seniority for all purposes at the employing Airline in the seniority order of their originating Airline but junior to all Pilots who were on the seniority list of the employing Airline prior to the Merger Agreement Date. Upon implementation of the ISL Pilots will exercise seniority pursuant to their position on the ISL. All Pilots hired by the employing Airline after the Merger Agreement Date who are not Pilots employed pursuant to this Section 7-B will exercise their seniority for all purposes junior to all Pilots who were on either seniority list prior to the Merger Agreement Date.

(iv) Notwithstanding Section 27, Part 2.A.2, B.2 or C.2 of the Continental CBA, all Pilots on either the United Pilots’ or Continental Pilots’ Seniority List as of the Effective Date of this Agreement employed by Continental shall be eligible for Medical, Dental and Vision Plan coverage on the Pilot’s first day of Active Service.

7-C. Flying Ratios. In each consecutive six (6) month period during separate operations beginning on the Merger Closing Date, the ratio of aircraft block hours scheduled to be flown by United to the aircraft block hours scheduled to be flown by Continental, will equal or exceed ninety percent (90%) of the same ratio for the same six (6) month period during the period May 1, 2009 through April 30, 2010 (excluding United’s 737 scheduled aircraft block hours during the period May 1, 2009 through April 30, 2010). The applicable scheduled aircraft block hours for the period May 1, 2009 through April 30, 2010 are shown in Attachment C. Aircraft block hours scheduled to be flown by Continental Aircraft will not be included under this paragraph if:

(i) the aircraft are listed as on order or in storage on Attachment A; and

(ii) the aircraft enter or return to active service after the Merger Agreement Date; and

(iii) the aircraft are in addition to the number of aircraft in service as listed on Attachment A.

Similarly, adjustments to scheduled block hours for the same schedule from one period to another (i.e., the same aircraft on the same routing) will not affect the calculation, and reasonable block hour reductions attributable to aircraft removed from active service for purposes of modification or painting related to the merger will not be considered in the numerator or denominator of a ratio under this paragraph. The Airline Parties will advise the Association of such reductions.

7-D. Domicile and Base Protection. United may not close a Domicile (as defined in the United CBA) and Continental may not close a Base (as defined in the Continental CBA).
7-E. Exceptions. An Airline Party will be excused from compliance with the ratio and staffing requirements of Sections 7-C and 7-D for the period of time that either a Circumstance beyond its Control (as defined in Section 1-F-2-b of the United CBA) causes it to reduce or cancel service, or a governmental agency requirement causes it to reduce or cancel service as a condition of approval of the transactions contemplated by the Merger Agreement, and that the listed event is the cause of such non-compliance.

7-F. Fragmentation. If a government requires either Continental or United to give up assets as a condition of approval or acceptance of the merger that require disposal of aircraft, route authority, gates, or slots that produced more than ten percent (10%) of that Airline’s aircraft block hours during the period May 1, 2009 – April 30, 2010, the applicable Airline will require the entity acquiring the assets to offer pilot positions (in seniority order unless otherwise required by agreement between the Airline and acquiring entity), to the number of Pilots of the affected Airline equal to the number utilized in the affected Airline’s operation of the assets, all provided that the acquiring entity employs pilots in an airline operation. Pilots employed under this paragraph will be integrated in the pilot seniority list of the acquiring entity under ALPA Merger Policy, if applicable, and otherwise in accordance with the procedures of the Allegheny-Mohawk Labor Protective Provisions.

7-G. Pay For Deadheading. Effective with the first bid period following the effective date of this Transition and Process Agreement pay for any Deadhead required by Continental and actually flown in a center seat shall be based upon one hundred and fifty percent (150%) of a Pilot’s hourly pay rate as shown in the Continental CBA Section 3, provided that the seating was not the result of a request by the Pilot (e.g., using EmployeeRes to unseat himself from a window or aisle seat assignment or asking an agent to do so). This provision does not alter the Continental CBA Section 8 Part 2.C.

7-H. Vacancy Bidding Restrictions. United will lift any bid freezes existing on the Effective Date hereof, pursuant to Section 8-D of the United CBA. Continental will remove all freezes pursuant to Section 24 Part 5.J. of the Continental CBA incurred as a result of System Bid 11-05 or earlier.

Section 8

Continental Profit Sharing

Continental Pilots will participate in the Continental Profit Sharing Plan adopted on February 17, 2010, in accordance with the terms of that Plan, for calendar year 2010.

Section 9

ALPA Travel
For the express purposes of the negotiation, review, approvals, and ratification of the JCBA, Continental and United will both provide positive space travel to the ALPA MECs, the ALPA JNC, and the Pilots and ALPA staff designated by the ALPA JNC as necessary for JNC support. The Airlines will also provide positive space travel directly related to negotiation and arbitration of the SLI for the ALPA SLI Merger Committees and necessary Pilot support related thereto. All of the above will be in accordance with the Airlines’ respective business travel policies, including the ability to upgrade.

Section 10

Communications

This Transition and Process Agreement imposes no limit on the right of a Party to determine the content and timing of its communications concerning negotiation of the JCBA, but the Parties agree to maintain a professional tone in all negotiations and communications concerning such subject, and the senior officers of the Parties, will each be available to hear and discuss concerns of other Parties as to conformance with this provision.

Section 11

Continued Information

The Airline Parties, subject to law and confidentiality agreements, will timely review with ALPA the details of any modification to the Merger Agreement which will have material impact on the Pilots, ALPA, or the agreements reached herein.

Section 12

Disputes Concerning Interpretation or Application of this Transition and Process Agreement

The Airline Parties and ALPA will resolve disputes between them concerning the interpretation or application of this Transition and Process Agreement, as follows:

12-A. Determining a Position. The Airline Parties as a group and ALPA on behalf of the Pilots will each adopt a single position concerning a disputed issue of interpretation or application of the Transition and Process Agreement, making their respective decisions within two (2) weeks of the date that the dispute has been raised. The Airline Parties will do so as they determine. ALPA will do so by joint decision of the MEC Chairmen or, if they do not reach agreement, by an arbitration not to exceed two hearing days before Arbitrator Josh Javits. The ALPA parties may agree to permit the arbitrator to hold the hearing in person or by videoconferencing. The arbitrator may choose to rely on presentations of representatives or counsel in lieu of testimony, and will require summations in
lieu of briefs. The arbitrator will issue an opinion and award within seven (7) days following the hearing.

12-B. Conferences. Positions having been determined as provided in Section 12-A, representatives of ALPA and the Airline Parties will confer for up to one full day in an attempt to resolve the dispute.

12-C. Special Board of Adjustment. Failing agreement under Section 12-B, either ALPA or the Airline Parties may submit the dispute for prompt decision by a special board of adjustment, sitting only with a single arbitrator, who will be either Michael Beck or Richard Bloch, whoever is first available as determined by the Parties, and who will hear and decide the issue, and issue an opinion and award, within thirty (30) days after he is selected. The Parties may agree to permit the special board of adjustment to hold a hearing by videoconferencing. The special board of adjustment may choose to rely on presentations of representatives or counsel in lieu of testimony, and may require briefs in lieu of summations.

Section 13

Termination of this Transition and Process Agreement

13-A. Partial Termination. Unless the Parties agree otherwise, the Airline Parties may jointly terminate the provisions of Sections 4-D (Domiciles), 7-A (Furlough with regard to United Pilots only), 7-C (Flying Ratios), 7-D (Domicile and Base Protection), and 9 (ALPA Travel), individually or collectively, at any time on or after December 31, 2011, if the parties have not reached a tentative agreement on a JCBA by that date.

13-B. Termination by Agreement. The Parties may terminate this Transition and Process Agreement whenever they shall agree to do so.

13-C. Termination by Notice. An Airline Party or ALPA may terminate this Transition and Process Agreement on fifteen (15) days notice delivered to the other Parties at any time following termination of the Merger Agreement under Section 8.1 of that Agreement.

13-D. Effect of Termination. Termination of this Transition and Process Agreement will not affect a Party’s obligations under Sections 3, 7-B-(iv), 8, 11, 12, and applicable definitions in Section 1, nor will it affect any outstanding payment obligations under Section 15. A Pilot who has been employed pursuant to Section 7-B will continue, at his option, to be employed by the employing Airline in accordance with that Airline’s collective bargaining agreement; however, two (2) months after termination of this Transition and Process Agreement his pay rate going forward will be adjusted to reflect only his accrued service credit at the employing Airline.
Section 14

Effective Date and Duration

This Transition and Process Agreement becomes effective on ____, 2010 and, unless terminated under Section 13, remains in effect in accordance with the RLA until the effective date of the JCBA or as they may otherwise agree.

Section 15

Expenses

The Airline Parties shall provide reimbursement for expenses related to the merger and the negotiation of the JCBA in accordance with the Letter of Agreement between the Parties dated July __, 2010.

Agreed:

Signature lines for Continental, UAL, United, ALPA President, ALPA MEC Chairmen, JNC members.