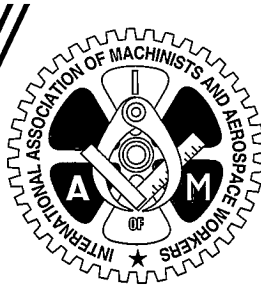


**International  
Association of  
Machinists and  
Aerospace Workers**



9000 Machinists Place  
Upper Marlboro, Maryland 20772-2687

Area Code 301  
967-4500



OFFICE OF THE GENERAL VICE PRESIDENT

CO United Air Lines

February 2, 2011

*Via E-Mail to [OLA-efile@nmb.gov](mailto:OLA-efile@nmb.gov)*

Mary Johnson, General Counsel  
Maria-Kate Dowling, Investigator  
National Mediation Board  
1301 K Street, NW, Suite 250 East  
Washington, DC 20005

Re: United Air Lines/Continental Airlines - Flight Attendants  
NMB File No. CR-7002

Dear Ms. Johnson and Ms. Dowling:

The International Association of Machinists and Aerospace Workers, ("IAM") submits this initial position statement in response to the application of the Association of Flight Attendants – CWA ("AFA") for a determination that United Air Lines, Inc. ("United") and Continental Airlines, Inc. ("Continental") are a single transportation system for purposes of representation of the Flight Attendant craft or class. As set forth more fully below, the AFA application is defective because it fails on its face to include the 300 Flight Attendants of Continental Micronesia, Inc. ("CMI") whose integration with the Flight Attendants of Continental is more advanced than the integration of Continental Flight Attendants with United Flight Attendants. The AFA application is also premature because critical indicia of a single transportation system for flight attendants have not been met or are in their infancy. It also appears that AFA's application was timed to interfere with Continental Flight Attendants' contract ratification vote scheduled for completion later this month.

The IAM is the certified bargaining representative of the Continental Flight Attendants pursuant to NMB certification in Case No. R-5352, and the IAM is the certified bargaining representative of CMI Flight Attendants pursuant to NMB certification in Case No. R-5337. CMI is a wholly owned subsidiary of Continental.

On or about September 1, 2010, Continental and United announced a procedure for obtaining a single operating certificate ("SOC") for Continental, CMI and United. *See Attached Continental Employee Bulletin No. 17*. The first announced step in the procedure was to combine CMI's Part 121 operation with Continental's Part 121 operation, "resulting in a single Part 121 operating certificate." *Id.* "This will simplify the later certificate integration steps between CO and UA." *Id.* (emphasis added). Late in 2010, Continental and CMI completed the

first step of the certificate integration procedure by obtaining a SOC from the Federal Aviation Administration ("FAA").

The second and much more complex step of combining United's Part 121 operation with Continental's Part 121 operation, however, is still in its initial stages. United-Continental itself anticipates that "it will take 12-15 months [from October 2010] to complete work necessary for combining flight operations, and that the FAA will issue a single operating certificate in late 2011 or early 2012." *United-Continental October 1, 2010 Letter to NMB ("McKeen Letter")* at 4.

Based on the Continental-CMI SOC alone, it is obvious that the integration of Continental and CMI Flight Attendants is much more advanced than the integration of Continental and United Flight Attendants. For AFA to exclude the CMI Flight Attendants from its application to the NMB is unconscionable. This is particularly true when United-Continental, in its October 2010 filing with the Board, put the parties on notice of its belief that any single carrier determination should include CMI ("we believe that CMI should be considered as part of a single transportation system with United and Continental"). *McKeen Letter* at 6.

CMI Flight Attendants have a right to vote in any representation election that results from a single transportation system determination by the Board involving United and Continental Flight Attendants. There is no justifiable reason for AFA to have excluded these 300 Flight Attendants. Not having included CMI Flight Attendants, AFA's application is defective as it does not cover the entire anticipated system.

Moreover, AFA's application is premature because the combining carriers have not met the critical first four indicia of a single transportation system for United and Continental Flight Attendants. *See NMB Representation Manual, Section 19.501(1)-(4)*. Flight Attendants are the face of the airline for its passengers. No other group of airline employees interacts with passengers to the extent that flight attendants do. Yet Flight Attendants at United and Continental wear separate uniforms identifying them to passengers as employees of their respective carriers. *See attached Declaration of Brent Thompson ("Thompson Decl.")* at ¶ 2. Flight Attendant scheduling at United and Continental is also separate and will continue to be so for the foreseeable future. *Id.* at ¶ 4. Routes and schedules of the airlines have not been combined.<sup>1</sup> *Id.* at ¶ 3.

While United and Continental now have common ownership, combined management, corporate officers and board of directors, and centralized labor relations, the integration of flight attendant operations at the carriers has barely begun. Continental Flight Attendants are poised to vote on a tentative agreement that will carry them through the transition period during which flight attendant operations at the carriers will be combined. *Thompson Decl.* at ¶ 5. AFA has no such agreement covering United Flight Attendants during the integration transition period. AFA rushed to file its application to the NMB before the Continental Flight Attendant's ratification process has been completed.

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<sup>1</sup> In its October 1, 2010 Letter to the NMB, United – Continental proffered its two year alliance and code share arrangements under the heading "Combined Schedules and Routes." *McKeen Letter* at 4. These common industry arrangements are not necessarily indicative of single carrier status.

In sum, AFA's application is ill-conceived and premature. The application omits one of the carriers in the merger transaction, CMI, and therefore excludes the Flight Attendants who work for that carrier and are represented by the IAM under a separate certificate. An application that covers only a portion of the system is defective. Moreover, critical integration criteria have not yet been achieved for United and Continental Flight Attendants. While the IAM acknowledges the progress United-Continental management has made towards creating a single transportation system for Flight Attendants, essential elements are nascent and the system has not yet sufficiently coalesced.

Accordingly, the Board should conclude the three carriers are not yet a single transportation system for the purposes of the representation of Flight Attendants at the present time. Moreover, any Board investigation into the single carrier status for Flight Attendants must include CMI Flight Attendants. In the event that the Board should conclude that all three carriers are a single transportation system for representation purposes in the Flight Attendant craft or class, the NMB should include CMI Flight Attendants in any resulting representation election.

Sincerely,

IAM LEGAL DEPARTMENT

By:

  
\_\_\_\_\_  
David L. Neigus  
ASSOCIATE GENERAL COUNSEL

DLN/rc

Attachments

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was, this 2<sup>nd</sup> day of February, 2011, sent via electronic filing upon the following:

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Maria-Kate Dowling, Associate General Counsel  
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\_\_\_\_\_  
David L. Neigus

September 1, 2010



**EMPLOYEE BULLETIN NO. 17**

**CO AND UA SET PATH FOR OBTAINING A SINGLE FAA OPERATING CERTIFICATE**

CO and United Airlines (UA) have agreed on a path to obtain a single operating certificate from the Federal Aviation Administration (FAA). This is a long-term process that will follow a series of steps to be outlined in a transition plan to be submitted to the FAA later this month.

Currently, the following separate operating certificates exist among the carriers:

Continental Airlines - Part 121 Air Carrier Operating Certificate  
Continental Airlines - Part 145 Repair Station Certificate  
Continental Micronesia - Part 121 Air Carrier Operating Certificate

United Airlines - Part 121 Air Carrier Operating Certificate  
United Airlines - Part 145 Repair Station Certificate

The carriers have decided on the following steps to integrate the certificates that will ultimately result in one Part 121 certificate and one Part 145 certificate. All of this activity is expected to occur in the months following legal closing on Oct. 1:

First, the Continental Micronesia (CMI) Part 121 operation will be combined with the CO Part 121 operation, resulting in a single Part 121 operating certificate. This will simplify the later certificate integration steps between CO and UA.

Second, the UA Part 121 operation will be combined with the CO Part 121 operation, resulting in a single Part 121 operating certificate. Ultimately, all air carrier operations for the merged airline will be conducted under the authority of this certificate.

CO's Part 145 Repair Station activities will be combined with UA's Part 145 activities, resulting in a single Part 145 certificate. Ultimately, all repair station activities for the merged airline will be conducted under the authority of this certificate.

Both the UA and CO certificates contain unique attributes that will be preserved following integration. CO's Part 121 Certificate has enhanced technology authorizations and close conformity to current FAA standard language. UA's Part 145 Repair Station Certificate enables increased maintenance capabilities, enhanced repair station authorizations and more maintenance volume when compared with CO's 145 Certificate.

## **SINGLE OPERATING CERTIFICATE Q&A**

### **What is a Part 121 operating certificate?**

A Part 121 operating certificate is an airline's authorization to conduct operations in accordance with its FAA-approved operations specifications (OpSpecs). OpSpecs include, for example, the airline's specific authorizations, limitations, standards and procedures necessary to ensure safety and regulatory compliance for flight and ground operations.

### **What steps will occur in the process to obtain a Single Operating Certificate (SOC)?**

This month, United (UA) and Continental (CO) will jointly submit a transition plan to the FAA. This plan will outline all the steps necessary to integrate our operations safely. Based on FAA approval of the transition plan, we will have a logical and detailed framework for conducting all the integration steps in the correct order.

Adhering to the transition plan, UA and CO will harmonize thousands of technical and operations programs currently in effect at the two airlines. Training will be accomplished so that employees who are affected by a particular program understand how it will function at the combined airline. Finally, implementation of changes will occur in the operating environments (aircraft, hangars, terminal operations, etc.).

Once the required steps have been completed, the FAA will issue the SOC. Certain processes and procedures may remain separate (or parallel) after issuance of the SOC, pending final integration.

### **Does the plan to obtain an SOC affect any of the other decisions announced up to this point (for example, the United Airlines name, the Continental Airlines logo and livery, Chicago headquarters, etc.)?**

No. The certificate plan is consistent with all merger-related decisions.

### **Which FAA offices will oversee our compliance with safety regulations at the combined carrier?**

Currently, the FAA oversight teams assigned to UA and CO are concentrated in Houston, Denver and San Francisco. While there could be some changes in the FAA structure to accommodate Chicago (as well as other locations), these decisions on how best to locate and resource FAA staff will be made independently by the FAA. During the transition, we don't expect to see many, if any, personnel changes on behalf of the FAA.

## **Important Information For Investors And Stockholders**

In connection with the proposed merger of equals transaction between UAL Corporation ("UAL") and Continental Airlines, Inc. ("Continental"), UAL filed with the Securities and Exchange Commission ("SEC"), and the SEC declared effective on August 18, 2010, a registration statement on Form S-4 that includes a joint proxy statement of Continental and UAL that also constitutes a prospectus of UAL. UAL and Continental have mailed the joint proxy statement/prospectus to their respective security holders. UAL AND CONTINENTAL URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY, AS THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders may obtain free copies of the joint proxy statement/prospectus and other documents containing important information about UAL and Continental through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by UAL are available free of charge on UAL's website at [www.united.com](http://www.united.com) under the tab "Investor Relations" or by contacting UAL's Investor Relations Department at (312) 997-8610. Copies of the documents filed with the SEC by Continental are available free of charge on Continental's website at [www.continental.com](http://www.continental.com) under the tab "About Continental" and then under the tab "Investor Relations" or by contacting Continental's Investor Relations Department at (713) 324-5152.

UAL, Continental and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Continental is set forth in its proxy statement for its 2010 annual meeting of stockholders, which was filed with the SEC on April 23, 2010, and the joint proxy statement/prospectus related to the proposed transaction. Information about the directors and executive officers of UAL is set forth in its proxy statement for its 2010 annual meeting of stockholders, which was filed with the SEC on April 30, 2010, and the joint proxy statement/prospectus related to the proposed transaction. These documents can be obtained free of charge from the sources indicated above.

### **Cautionary Statement Regarding Forward-Looking Statements**

This communication contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect Continental's and UAL's current beliefs, expectations or intentions regarding future events. Words such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, Continental's and UAL's expectations with respect to the synergies, costs and other anticipated financial impacts of the proposed transaction; future financial and operating results of the combined company; the combined company's plans, objectives, expectations and intentions with respect to future operations and services; approval of the proposed transaction by stockholders and by governmental regulatory authorities; the satisfaction of the closing conditions to the proposed transaction; and the timing of the completion of the proposed transaction.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of Continental and UAL and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, (1) the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive required stockholder or regulatory approvals, the taking of governmental action (including the passage of legislation) to block the transaction, or the failure of other closing conditions, and (2) the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, because of, among other things, significant volatility in the cost of aircraft fuel, the high leverage and other significant capital commitments of Continental and UAL, the ability to obtain financing and to refinance the combined company's debt, the ability of Continental and UAL to maintain and utilize their respective net operating losses, the impact of labor relations, global economic conditions, fluctuations in exchange rates, competitive actions taken by other airlines, terrorist attacks, natural disasters, difficulties in integrating the two airlines, the willingness of customers to travel by air, actions taken or conditions imposed by the U.S. and foreign governments or other regulatory matters, excessive taxation, further industry consolidation and changes in airlines alliances, the availability and cost of insurance and public health threats.



UAL and Continental caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Continental's and UAL's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings. All subsequent written and oral forward-looking statements concerning Continental, UAL, the proposed transaction or other matters and attributable to Continental or UAL or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither Continental nor UAL undertakes any obligation to publicly update any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.

**BEFORE THE  
NATIONAL MEDIATION BOARD.**

**In the Matter of**

**Flight Attendants of**

**NMB File No. CR-7002**

**UNITED AIR LINES, INC.**

**and**

**CONTINENTAL AIRLINES, INC.**

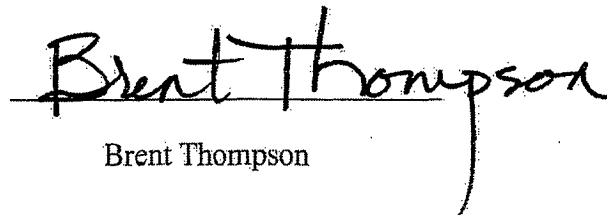
**DECLARATION OF BRENT THOMPSON**

I, Brent Thompson, hereby declare under penalty of perjury that the following statements are true and correct to the best of my knowledge:

1. I am currently an elected General Chairman of IAM District Lodge 142 servicing Flight Attendants of Continental Airlines ("Continental"). In my position, I am familiar with the working conditions of Continental Flight Attendants as well as the negotiation and ratification of a new collective bargaining agreement covering those Flight Attendants.
2. Continental Flight Attendants still wear Continental Flight Attendant uniforms. Those uniforms are different than the uniforms worn by United Airlines Flight Attendants. I am not aware of any imminent plan to change the uniforms currently worn by Continental Flight Attendants.
3. Continental Flight Attendants currently fly on aircraft owned and operated by Continental. Continental Flight Attendants currently fly essentially the same routes and schedules that they flew prior to the announced merger of Continental and United. I am not aware of any imminent plan to significantly change those routes or to combine routes and schedules with United Flight Attendants.
4. Continental Flight Attendants' scheduling is currently implemented exclusively by Continental inflight operations and governed by the IAM-Continental Flight Attendants collective bargaining agreement.
5. On January 4, 2011, IAM and Continental announced a tentative agreement on an interim Flight Attendant contract. The tentative agreement has been submitted to the membership for a ratification vote. Informational meetings will be held at all flight attendant bases from February 7th-14th. Ratification ballots will be counted starting on February 23rd.

Executed in Chicago, Illinois

this 2nd day of February, 2011.

A handwritten signature in black ink that reads "Brent Thompson". The signature is written in a cursive style with a horizontal line underlining the text. A long, vertical flourish extends from the bottom of the "n" in "Thompson".

Brent Thompson