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Important Information For Investors And Stockholders

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. The proposed merger of equals transaction between UAL Corporation (“UAL”) and Continental Airlines, Inc. (“Continental”) will be submitted to the respective stockholders of UAL and Continental for their consideration. UAL will file with the Securities and Exchange Commission (“SEC”) a registration statement on Form S-4 that will include a joint proxy statement of Continental and UAL that also constitutes a prospectus of UAL. UAL and Continental also plan to file other documents with the SEC regarding the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CONTINENTAL ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the joint proxy statement/prospectus and other documents containing important information about UAL and Continental, once such documents are filed with the SEC, through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by UAL will be available free of charge on UAL’s website at 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 will be available free of charge on Continental’s website at 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.

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The following is a transcript of a conference call between United, Continental and certain analysts and other media dated as of May 03, 2010 / 12:30PM GMT

Final Transcript

Conference Call Transcript
UAUA - United and Continental Announce Merger of Equals to Create World-Class Global
Event Date/Time: May 03, 2010 / 12:30PM GMT

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PRESENTATION

Operator

Good morning and welcome to Continental/United merger conference call. Participating on the call this morning are Glenn Tilton, Chairman, President and CEO of UAL Corporation, and Jeff Smisek, President, Chairman, and CEO of Continental Airlines.

Following the prepared remarks, we will open the call for questions. Analyst questions will follow the executive comments, and then they will begin a question and answer session for the media. The media will be in listen-only mode until that time.

A copy of the slide presentation is available at the following website, UnitedContinentalmerger.com, United.com, and Continental.com. An audio archive of this call will also be available on the websites later today.

The discussion today may contain forward-looking statements that are not limited to historical facts but reflect current beliefs, expectations, and intentions regarding future events. All forward-looking statements involve risk and uncertainties that could cause actual results to differ materially. Examples of such risk and uncertainties include, without limitation -- one, the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive required regulatory approval, the taking of governmental action, including the passage of legislation to block the transaction, or the failure of other closing conditions; and, two, 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, ability to obtain financing and to refinance the combined Company's debt, ability to maintain and utilize respective net operating losses, difficulties in integrating the two airlines, and actions taken or conditions imposed by the US and foreign governments or other regulatory matters.

For other examples of such risk and uncertainties, please see the risk factors set forth in each of the Companies' 2009 Form 10-K and their other security filings.

In addition, the discussed today references some GAAP to non-GAAP financial measures such as EBITDAR, excluding special items; and reconciliation of the GAAP and non-GAAP financial measures can be found in the appendix section of today's presentation.

Finally, I would like to introduce Mr. Glenn Tilton. Please go ahead, sir.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Thank you very much, and thank you all for joining us today. Jeff and I are very proud to introduce to you today our new airline. This is the right deal for our two companies, for our employees, our customers, the communities we serve, and -- importantly -- our shareholders.

Together we create the world's most comprehensive network. Our networks quite literally complete each other's with little overlap and with strategically located hubs that provide gateways to the Pacific, the Atlantic, Latin America, the Middle East, Hawaii, and Micronesia.

United has been and will continue to be the business travelers' airline. And a combined Company will leverage our partnership with Continental forged through our alliance relationship.

This merger joins two premier brands who share a commitment to customer service and operational excellence. This is the right time.

As we have discussed for several years now, we believe consolidation is one of the key components to getting to, achieving sustained profitability within our industry.

The competitive landscape is fundamentally different than it was 10 years ago. Consolidation both here in the United States and in the international market has created global carriers that are better able to compete in a dynamic airline industry. At the same time, competition has grown, as low-cost carriers now provide service to 80% of all domestic passengers.

The landscape has changed even within the last two years when our Companies first contemplated this transaction. Today we enter this agreement from positions of strength.

United reported industry-leading revenue improvement in the first quarter, and we have limited fixed obligations. United and Continental lead the industry in unrestricted liquidity, and we believe that we are well positioned to continue to maintain our financial momentum as the economy continues to recover.

This merger, much like our new logo, brings together the best of both United and Continental. Our route network is unmatched, and together we will serve 370 destinations around the world and around the corner.

We will maintain service to all the communities we serve today and will create new market opportunities. We are bringing together world-class customer service with industry-leading on-time performance.

Our employees and our shareholders alike have suffered through industry downturns. Combining our two Companies makes us stronger, better able to compete in a global market, and, importantly, able to provide more stability and career opportunity for our people.

At the same time, our investors benefit from the net annual synergies of some $1 billion to $1.2 billion we expect to realize as a result of this merger.

I should mention this is all incremental to the work both our Companies have done to rationalize our cost structures, a discipline that we will maintain. It is also incremental to revenue and cost synergies we expect to attain from our already approved immunized alliance across the Atlantic and our alliance across the Pacific which we expect to be approved soon.

Today, Jeff and I announce a true merger of equals. As has been very well reported, this is an all-stock transaction with a combined equity value of some $8 billion. Continental shareholders received 1.05 United shares for each Continental share. United shareholders will own approximately 55% of the equity of the combined Company; and Continental shareholders would own approximately 45%.

I will serve as Nonexecutive Chairman for two years, and Jeff will serve as our new Company CEO. Our Board will include six independent Directors from each company, two labor representatives, and addition to Jeff and myself, who will both be Directors of the Board.

The holding company name will be United Continental, and our corporate and operational headquarters will be in Chicago. With that, I would like you hand it over to my partner, Jeff, who will walk you through most of the benefits that we expect to deliver.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Thanks, Glenn. It's a pleasure to finally be able to discuss with you what has been all over the news for the last couple of weeks. The amount of interest in this merger has demonstrated just how significant this announcement is.

We are taking the best of two leading airlines and combining them in an extraordinarily complementary way to create a world-class global carrier that will be the world's leading airline. Combining these two Companies is the best way to position ourselves to succeed and thrive in the changing and very competitive airline industry.

This is a merger of equals, and our new livery reflects that. We will be combining the Continental livery, logo, and colors with the United name, just as you see it here on this triple-seven. Looks pretty good, doesn't it?

Our new world-class global airline will deliver significant benefits to our customers, coworkers, shareholders, and the communities we serve. Let me take you through what this merger will mean for each of our stakeholders.

For our customers it will mean global, seamless and a superior product and service. For the communities we serve, it will mean enhanced service, new destinations, and the economic growth and jobs that come from great air service.

For our coworkers, this combination provides improved, long-term career opportunities and enhanced stability by being part of a larger, financially stronger, and more geographically diverse carrier. And for our shareholders this transaction creates a platform for greater opportunities for increased profitability and sustainable long-term value.

This combination will vastly improve our scope and scale. But one thing that will not change is our shared commitment to providing clean, safe, and reliable air transportation and great service.

With this merger we will have a world-class global network with broad (technical difficulty) coverage in Asia, Europe, Latin America, and the Middle East. As Glenn said, this combination brings together the best of both of our networks to provide global reach to our customers.

We will combine Continental's strength in New York and Latin America with United's strength on the West Coast and across the Pacific. Put simply, Continental is strong where United is weak; and United is strong where Continental is weak. From a network perspective, putting these two carriers together -- it's a match made in heaven.

We have no international route overlaps. Across the Pacific and the Atlantic as well as in Latin America and the Caribbean, we will offer customers increased access to a greater number of destinations, countries served, and daily departures.

Now, this complicated looking spiderweb is our combined domestic network, which will be anchored by eight hubs in the Continental US, providing convenient single-carrier access to nearly all US travelers. We will have hubs in the four largest cities in the United States; and Houston will remain the airline's largest hub. Importantly, we will offer enhanced service to small and medium-sized communities and will continue to serve all the communities each carrier currently serves.

As I have said before, running an airline is a tough business. We all know how intensely competitive this industry is. We believe this combination improves our competitive position, yet it is profoundly pro-competitive. Our airline will serve a broader group of customers by offering a greater choice of destinations.

In addition, this combination will enable new online destinations and connections and will position us to compete in new communities and for new routes.

Our domestic networks are incredibly complementary. So our route overlaps are very minor. From an antitrust perspective the merger should readily pass muster. And I should note all of our hubs and the limited number of domestic hub-to-hub routes where we overlap are subject to strong competition.

All in all, this combination is well balanced both domestically and internationally, with 57% of our capacity domestic, 20% across the Atlantic, 15% in the Pacific, and 8% in Latin America.

We are excited to merge the industry-leading products and services of both Companies. Together, we'll serve more than 144 million passengers per year as they fly to 370 destinations in 59 countries. We are each keenly focused on operational excellence. We will continue to provide our customers with the superior onboard product that they associate with our two great brands.

We also know that we are in a service business. As a combined Company, we will be committed to delivering high-quality service to our customers.

We also share a focus on generating new sources of revenue. We believe the combination will provide our Company the increased financial strength to invest in products, technology, and fleet upgrades to help drive revenue synergies. I will come back to this in a moment.

Let me assure you we will work together to earn your business. We will do this in part by ensuring that the 91 million customers in our combined and industry-leading loyalty programs received improved benefits. We will continue to offer industry-leading elite status benefits, unmatched redemption options, and new opportunities to both earn and redeem miles.

We have extraordinary people at both carriers, and we are bringing together two exceptional workforces. I am a big believer in the importance of working together culture. It is our culture and our people who have make Continental great. Once combined with United, we will work together and treat each other and our customers like you yourself want to be treated -- with dignity and respect.

We will have open, honest, and direct communication with each other and with our customers.

For our coworkers, both at Continental and United, let me be clear. This merger will give us a platform to grow and prosper as a strong competitor, which will provide improved long-term career opportunities and enhanced job stability as part of a larger, financially stronger, and more geographically diverse carrier.

This merger will help us break the cycle of instability. This merger will help us provide careers, not just jobs.

As you have heard me say many times before, our coworkers are the key to our success. Working together, our teams -- many of whom already know and respect each other through our alliance partnership -- will join as one set of coworkers to deliver great service to our customers around the globe.

This merger enables us to create opportunities to grow beyond what each stand-alone Company or an alliance would be able to deliver. We estimate revenue synergies in the range of $800 million to $900 million a year. This is incremental to our alliance and our proposed trans-Atlantic and trans-Pacific joint ventures.

We estimate net cost synergies in the range of $200 million to $300 million per year. So our estimate of net annual revenue and cost synergies totals between $1 billion and $1.2 billion by 2013.

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We expect revenue synergies to come from increasing our scope and scale. We are well positioned with the largest and most balanced network of any US carrier.

We will have 10 hubs, including hubs in the nation's four largest cities and at seven of the 15 largest airports. Our combined fleets gives us greater ability to match capacity with demand, improve aircraft utilization, and optimize connectivity.

Our significantly expanded network presence and connecting opportunities position us well to drive incremental traffic and revenue. We will improve access from Continental's hubs to United's Asia network and expand connecting opportunities from United's hubs to Continental's Latin America and European networks.

As you all know, a single-carrier network is very attractive to high-yield corporate customers. By being more efficient we will be even more competitive. Both of our companies have already done a good job becoming more efficient, and we believe the merger will help us capture cost synergies that will improve our unit cost performance.

We expect net cost synergies will be achieved principally by streamlining corporate overhead functions, eliminating duplicative marketing, sales, and advertising expenses, and streamlining our IT functions.

We expect transition costs of $1.2 billion over the next three years. These costs will cover IT transition, operational transition, severance, corporate, and other costs.

Our combined fleets provide the variety of aircraft size and range to meet our expanded network's scope. Having the ability to use the right size aircraft in the right markets to meet market demand will maximize both revenue and fuel efficiency.

We will have the youngest fleet of the major US network carriers, with an average age, using the current combined fleet, of just 11.5 years. Youngest also means more fuel-efficient; and combined, we will have one of the most fuel-efficient fleets among our network peers. On a cabin mix adjusted basis, we will have the most fuel-efficient fleet among our major US network competitors.

The lease term and age profile of our combined fleets, along with the combined best new aircraft order book among our network competitors, provides us with significant flexibility as we evaluate future retirement of less fuel-efficient aircraft. It also gives the combined Company great flexibility to respond to changing economic conditions.

As you can see here, there is a wide range between our possible minimum and maximum fleet counts. So that our estimated fleet size could be anywhere from just under 550 aircraft to over 750 aircraft just over the next four years. This flexibility will allow us to optimize our fleet to match changes in the economic environment.

Together we'll have industry-leading unit revenue on a length of haul adjusted basis. This shows the attractiveness of our combined network.

Together, we also have an industry-leading margin performance. And together we also have industry-leading liquidity, with our recently reported combined unrestricted cash balance of over $7 billion.

We will proceed quickly in filing with the US Department of Justice and the Department of Transportation as well as foreign regulatory bodies such as the European Commission. At the same time, we will begin our integration planning.

We worked together to make Continental's transition to Star Alliance successful and seamless; and we plan to do the same as we work together to combine our two great Companies. We'll seek shareholder approvals in September and expect to close by year-end.

As Glenn said, our merger of equals combines the best of both airlines, to benefit all our stakeholders -- our customers, our coworkers, our shareholders, and the communities we serve.

So Let's Fly Together.

With that, Glenn and I are happy to take questions from investors first and then the media.

Unidentified Company Representative

Alicia, with that, we are ready to begin the question-and-answer session for the analysts.

QUESTION AND ANSWER

Operator

Hunter Keay, Stifel Nicolaus.

Hunter Keay - Stifel Nicolaus - Analyst

Guys, good morning. Congratulations.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Thank you very much, Hunter.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Thanks, Hunter.

Hunter Keay - Stifel Nicolaus - Analyst

Absolutely. Jeff, probably a question for you. I'm curious to get your outlook on how you view this combined entity looking at long-term growth. Because I think at this point you have got two very interesting perspectives here.

United -- nobody has cut more than United has recently. Continental -- you guys I think have said in the past you view yourselves growing at 5% to 6% steady-state. But that was really when -- under Larry.

So, Jeff, how do you view in a steady-state economy environment this combined entity growing?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Well, Hunter, we are always going to be responsive to market demand. As the slide that we showed earlier, we have tremendous fleet flexibility with combining the two fleets, both for flexing down if we need to and flexing up if the market demand is there. So we will be responsive.

This, I think, gives us a tremendous opportunity to grow, because we will be more competitive; we will be able to generate additional revenues. We believe no one will be -- we'll be very attractive to corporate customers. But I think that attractiveness is going to be sticky because we're going to provide the best scope and scale, the best network, and the best product in the industry.

Hunter Keay - Stifel Nicolaus - Analyst

Okay. Do the net cost synergies include any labor dissynergy headwinds? Maybe if not -- it's probably early, but any kind of ballpark of maybe quantifying that at this point in time?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Hunter, the cost synergies are net of all dissynergies that we anticipate.

Hunter Keay - Stifel Nicolaus - Analyst

Any -- would you care to maybe quantifying what you're assuming for cost headwinds on the labor side?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Not a chance.

Hunter Keay - Stifel Nicolaus - Analyst

All right, great. Lastly the synergy number, does that -- what would the synergy number have been had you included A++ and P++?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

We are not going to talk about that. I will tell you from Continental's perspective, the Star Alliance has outperformed our expectations. But I am not going to give forward guidance on A++ or P++.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Hey, Hunter, it would have been more.

Hunter Keay - Stifel Nicolaus - Analyst

Oh, sure.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

You can bet on that.

Hunter Keay - Stifel Nicolaus - Analyst

Very good. All right. Thanks a lot for the time. Appreciate it.

Operator

Bill Greene, Morgan Stanley.

Bill Greene - Morgan Stanley - Analyst

Hi, congrats.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Thank you.

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Bill Greene - Morgan Stanley - Analyst

Jeff, in the past that you had mentioned that you thought that if you saw Continental, even with a joint venture and a codeshare relationship domestically with United, losing corporate market share that you would reconsider this. So if that kind of what was the motivation here?

You just felt that this would give you the platform to compete better with Delta? Or what is the big change that occurred from a couple years ago?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Well, let me take you back to 2008, Bill. In 2008, when we had these earlier discussions, the economy was at the cusp of the greatest recession since the global depression. Fuel prices were screaming to unprecedented highs and subsequently went even higher. The capital markets were distressed and there was limited access for airlines to the capital markets. And our liquidity position of both carriers was a bit stressed as well.

Now fast forward to today, where we have the economy improving, we have got business travel returning, we have got fuel prices -- although high, they are manageable. We have access to the capital markets and our liquidity is better than we have had in many, many years.

So the stars have aligned for what is a great strategic move. I have been keeping my eye on Delta. They are a serious competitor of ours in New York and Latin America. They are claiming to have significant synergy results from their combination.

But what happened here is very simple. I found out through the news media that Glenn was looking at a potential other combination. I recognized that United is the best possible partner for Continental. I am very interested in providing a foundation of profitability and sustainable profitability for both our shareholders and our coworkers.

It's also very important for communities we serve, because as Glenn was mentioning this cyclicality and fragility of this industry has got to stop. And this is our opportunity at Continental to provide a very secure base for our coworkers and a bright future for all of our constituents.

And so I didn't want him to marry the ugly girl, I wanted him to marry the pretty one. And I am much prettier.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Bill, actually, and that includes the fact that we had two years to work on him, too.

Bill Greene - Morgan Stanley - Analyst

Yes, exactly, exactly. Glenn, I am wondering, can you comment at all? How did you arrive at the 1.05? What is the math that gets you there?

Glenn Tilton - UAL Corporation - Chairman, President, CEO

You know, I would tell you that there is an elegance to the 1.05. If you go back and look at the exchange ratio exactly when we talked last, and you bring it forward to when Jeff and I met to agree to this exchange ratio, they are sitting almost right on top of each other.

Bill Greene - Morgan Stanley - Analyst

Then just one last question. Can you give us any timeline for how soon do you need a labor agreement in order to get the synergies you have outlined? Thank you.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Sure, Bill. This is Jeff. You know, this transaction has moved very swiftly. It has moved more swiftly than our collective bargaining units can move, because of the nature of the very process that they have.

We will work closely with all of our coworkers, whether they are represented or not, to reach agreements that are fair to them and fair to the combined Company.

We have done that historically. We have no expectations we would do that other than as we have done historically.

And I am confident that we will reach agreements, recognizing that this transaction produces synergies and we intend to share an appropriate amount of those synergies with all of our coworkers.

Bill Greene - Morgan Stanley - Analyst

All right. Thank you and congrats again.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Thanks, Bill. Appreciate it.

Operator

Jamie Baker, JPMorgan.

Jamie Baker - JPMorgan - Analyst

Hey, good morning, Glenn and everybody. Congratulations on putting what I am sure was a very hectic several weeks behind you.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Hectic indeed. I tell you, they were more hectic for Jeff and his team than they were for Glenn and his.

Jamie Baker - JPMorgan - Analyst

Well, and it was actually a little bit unnerving to find out that you were in Times Square over the weekend.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Actually the distraction wasn't intended.

Jamie Baker - JPMorgan - Analyst

Oh, no, I wasn't implying that it was. A question on the revenue synergies. Given that it is an end-to-end network combination I have got to believe some of those synergies are actually share shift from existing airlines, existing alliances.

Can you give any color? Of the total number, how much might be share shift? How much do you think on a percentage basis is the improved corporate share? That sort of thing.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Well, I don't think we're breaking that out, Jamie. I'm sure there is a degree of share shift, of course.

But recognize that putting the right aircraft in the right markets and providing the connectivity and the scope and scale is very attractive to corporate customers, provides a lot of schedule utility and the loyalty program as well. We think we will attract a lot of passengers.

And in many areas we will be able to serve communities better than we can. Because, for example, right now we are limited to 50-seat RJs and United is not. So that will be very beneficial to us as well.

So I think we're going to generate new sources of revenue. But there will be some component of share shift, without question.

Glenn Tilton - UAL Corporation - Chairman, President, CEO

Hey, Jamie, I will tell you. Without getting into the specific component of the synergies that is represented by share shift, you would not be wrong to think that the two happiest groups of employees in the two Companies today are corporate sales organizations.

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Wouldn't you like to be making those sales calls today?

Jamie Baker - JPMorgan - Analyst

Good observation, indeed. A question that Mark and I had on the aircraft size, you indicated flexibility between 550 and 750 shells, I believe. Can you tell us what fleet size is baked into the $1 billion to $1.2 billion synergy figure?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Right now, what we have done is we have just -- we have overlaid the existing fleets of both carriers.

Jamie Baker - JPMorgan - Analyst

Okay. Lastly, just a follow-up, I guess to Hunter's question on the labor cost dissynergy. Obviously you don't want to comment on what figure you baked in.

But what is your thinking on -- particularly for pilots -- where the market is right now? Do you define the market simply by the most recently-achieved contract, or is it something more complicated? Would it include cargo airlines, for example?

Jeff Smisek - Continental Airlines, Inc. - Chairman, President, CEO

Well, I will tell you from our perspective; you can take a look at the most recent offer we had on the table to our pilots, prior to the announcement of this transaction, which was the Delta contract plus $1 an hour. And that was the wholesale Delta contract; that means all of the terms and conditions of the Delta contract.

We believe that is an appropriate market contract, and that is from my perspective where the market is today.

Jamie Baker - JPMorgan - Analyst

Okay. Big help. Thank you very much, everybody.

Operator

Justine Fisher, Goldman Sachs.

Justine Fisher - Goldman Sachs - Analyst

Morning. Can you talk about the relationship with your regional carriers and how the Continental ExpressJet and United Express may be affected by this? Are there any required changes? How do you deal with each of those going into a merged Company?