



August 27, 2007

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RE: Employee Travel Policy Changes

We have reviewed the employee and retiree travel policies to ensure that the overall travel program is market competitive and aligns with our business and employee program strategy. As a result of this review, travel policy has been revised to leverage program design, delivery and technology to create the greatest value to employees and retirees.

We recognize the importance of pleasure travel programs to all employees and retirees. Feedback from you and employees was given careful consideration in our review process. Our objective is to improve and align the customer and employee travel experience.

Effective November 1, 2007, we will make the following travel policy changes:

- We will no longer assess domestic and international Economy Class service charges on United Airlines and Ted for travel eligible employees and retirees of United Airlines, United Express and Mileage Plus, Inc. We will continue to waive Economy Class service charges for travel on United Express. Applicable transportation taxes and fees will continue to apply.
- We'll continue to award service-charge waived flight segments when we meet our established goals under the Performance Incentive Travel Program, and we will extend the usage period from one year to two years to allow employees more time to take advantage of the awards.
 - Any Performance Incentive segments that remain in an employee's "bank" as of 11/1/07 will expire two years after the date of issuance. Employees can click on the My Coupons tab in WebList to view their current available segments.
 - Employees who list themselves in United First or United Business using Performance Incentive segments - but who are ultimately seated in service charge-waived United Economy - will have their Performance Incentive segments returned to their "bank" of unused segments.
- United will change the pleasure travel service charge methodology (excluding companion) on United Airlines, Ted and United Express to the Zonal Employee Discount (ZED) service charge methodology which is currently used on some interline carriers. A comparison pricing chart with several flight segment pricing examples is attached for your review.
 - United Airlines will discount ZED at a level to maintain current pricing on most mainline United Airlines and Ted flight segments as recognition that travel is on own carrier as follows:
 - Domestic Premium Class Travel: 65% Discount – 35% of ZED
 - International Premium Cabin Travel: 50% Discount – 50% of ZED
 - First Class, Business Class: ZED Business Low Fare Level will be used

- First Suite (Sleeperette) Cabin on 3-class aircraft: ZED Business Medium Fare Level will be used
- Hawaii pricing which has traditionally been priced separately from domestic will be merged into the one domestic pricing entity.
- United will assess service fees in the First Class cabin on United Express to align premium cabin pricing between mainline and express.
- In the first quarter of 2008, United employees, retirees and their travel eligibles will board United Express flights based on company hire date or years and months of active service, according to United pleasure travel policy. This will replace the current boarding at BP-8c, same day, time of check-in policy.

United Express employees will retain the right to have priority boarding on their company's own aircraft before a United traveler. For example, when the aircraft is operated by SkyWest, the boarding priority would be the SkyWest traveler, the United traveler, and then other UAX partner travelers. Further information regarding this change is forthcoming.

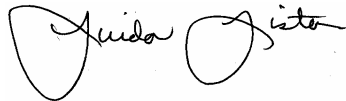
The pricing of companion travel is being reviewed and any changes or program enhancements will be communicated in the near future.

Employees and retirees will be notified of these changes in a detailed letter which will be sent to their home address beginning this week. Apollo employee travel profiles, the travel page and WebList service charge calculator in SkyNet will be updated soon with this information.

We have listened to employees and to you. We believe that these program changes are positive ones that reflect our commitment and significant investment in employees.

As always, please feel free to contact me at (847) 700-5811 with any questions, or if you wish to discuss.

Sincerely,



Linda Lister
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cc: Captain Mark Bathurst	ALPA	Greg Davidowitch	AFA
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Attachment: ZED Chart with travel fee examples

New Service Charge Calculations

(Effective Nov. 1, 2007)

- **All Economy Class service charges (Y) will be waived**
- **United First and United Business service charges (F/C) on U.S. domestic flights will be discounted 65% from ZED low interline fares and 50% for international flights**

United First, United Business		ZED Interline Fare	New United Service Charge	
Zone	Distance (Miles)	CZL (Low)	Domestic	International
1	001 - 450	\$29	\$10.15	\$14.50
2	451 - 750	\$42	\$14.70	\$21.00
3	751 - 1,600	\$52	\$18.20	\$26.00
4	1,601 - 3,200	\$85	\$29.75	\$42.50
5	3,201 - 4,080	\$91	\$31.85	\$45.50
6	4,081 - 5,000	\$101	\$35.35	\$50.50
7	5,001 - 6,100	\$151	\$52.85	\$75.50
8	6,101 - 7,100	\$179	\$62.65	\$89.50
9	7,101 - 9,000	\$179	\$62.65	\$89.50

- **United First Suite/Sleeperette service charges (S) on U.S. domestic flights will be discounted 65% from ZED medium interline fares and 50% for international flights**

United First Suite		ZED Interline Fare	New United Service Charge	
Zone	Distance (Miles)	CZM (Medium)	Domestic	International
1	001 - 450	\$33	\$11.55	\$16.50
2	451 - 750	\$52	\$18.20	\$26.00
3	751 - 1,600	\$63	\$22.05	\$31.50
4	1,601 - 3,200	\$118	\$41.30	\$59.00
5	3,201 - 4,080	\$126	\$44.10	\$63.00
6	4,081 - 5,000	\$150	\$52.50	\$75.00
7	5,001 - 6,100	\$212	\$74.20	\$106.00
8	6,101 - 7,100	\$245	\$85.75	\$122.50
9	7,101 - 9,000	\$245	\$85.75	\$122.50

Note: Applicable transportation taxes and fees are added to the service charge

Pleasure Travel/Non-Revenue Space Available

Examples of Service Charge Changes

- All Economy Class service charges will be waived
- United First and United Business service charges will be calculated based on ZED fares, less a 65% discount for U.S. domestic flights and 50% discount for international flights

Flight Segment	Miles	ZED Zone	Cabin	Current Service Charge	New* Service Charge
JFK-LAX	2,475	4	Economy (Y)	\$15.29	- 0 -
			First/Business (F/C)	\$34.38	\$29.75
			First Suite/Sleeperette (S)	\$44.89	\$41.30
SFO-HNL	2,398	4	Economy (Y)	\$13.15	- 0 -
			First/Business (F/C)	\$34.00	\$29.75
ORD-RSW United Express	1,120	3	Economy (Y)	- 0 -	- 0 -
			First (F/C)	- 0 -	\$18.20
SFO-SYD	7,417	9	Economy (Y)	\$45.72	- 0 -
			First/Business (F/C)	\$100.31	\$89.50
			First Suite/Sleeperette (S)	\$130.05	\$122.50

* Effective November 1, 2007. Applicable transportation taxes and fees will continue to apply.