



Robbie Anderson
President, United Cargo

United Cargo Monthly Integration Update

April 12, 2011

It has been another month of meaningful progress toward the integration of Continental and United into the world's leading cargo carrier. Highlights from each of our four areas of focus – Working Together, Product and Service Harmonization, Operations and Customer Service Excellence, and Technology – are included in this month's Update.

1. Working Together. Kyle Betterton, Vice President, Sales, completed his direct reports by naming Peggy Guse Director, United Cargo Sales Strategy and Effectiveness. Peggy is responsible for developing and implementing our sales strategy and also has direct responsibility for Government, Interline, Postal and Specialty Sales. Peggy's 25 years in the travel industry includes positions with companies in several different segments of the industry, including three years as Vice President of Sales Strategy, Communication and Staff Development for a major global travel organization.

We plan to complete the integration of CO and UA's U.S. Domestic Cargo Sales into a single team by May 1. Integration of the international team is targeted for July 1, and selection of a single provider in international locations served by a GSA is targeted for September 1.

Although the talent selection process for the rest of our Cargo team is taking longer than expected, we are confident we are taking the time needed to build the best team in the industry. We expect the complete United Cargo team to be named and in place within four to six weeks.

2. Product and Service Harmonization. A key element of a successful integration is a single product line that combines the best attributes of both carriers. After consulting with our customers, the integration team has finalized the product parameters of our hallmark brands: EXP, QUICKPAK, Temp Control, PetSafe and TrustUA (human remains). We are re-branding these services and will bring them to the marketplace over the next few months.

On the pricing side, our fuel surcharge, freight processing and security surcharge fees were harmonized effective March 7. European origin pricing will be harmonized in April, and Brazil and Argentina origin pricing will be harmonized June 1. Complete general tariff harmonization is planned for the fourth quarter of 2011, though there will still be some customer-specific pricing differences after tariff harmonization.

If you've been to an airport recently, you've probably seen a concrete (or, to be accurate, aluminum) example of the CO/UA integration: jets painted with the New United livery. As of April 1, 266 of our combined fleet of more than 700 aircraft have been repainted to join United's name with Continental's blue, white and gold colors and globe logo. As we put the final touches on our integrated product line, we will "paint the picture" of the New United Cargo in the same clear and transparent way.

3. Operations and Customer Service Excellence. As I meet with our customers all over the world, one message is clear: while they are as excited as we are about the possibilities of the new United, it is vital that United Cargo continues to deliver excellent customer service on a daily basis. In response, we have increased our focus on key operational metrics such as flown-as-booked and ready-for-pickup. We are proud to say both CO and UA have made significant improvements year-over-year in these measurements.

As I've stated before, while our integration efforts are happening "behind the scenes," we remain committed to ensuring our integration is seamless to our cargo customers.

This commitment was recognized recently when United Cargo received the 2010 "International Airline of the Year" award from the Express Delivery & Logistics Association (XLA). The XLA is a non-profit trade association representing the express delivery, mail and logistics industry. XLA members judged United Cargo as the carrier providing the best service and communications for all international areas based on capacity, hours of operations, local service changes and improvements, lockout and recovery time, and web and technology.

Several larger stations have been the focus of our recent co-location efforts – bringing CO and UA cargo facilities together "under one roof." Transition to co-location was completed in LHR in March and SFO will be completed in April. Transition to co-location is expected to be complete in IAD by mid-May and in FRA by early June.

4. Technology. A key advantage of the merger is that it allows us deliver all the key benefits of subsidiary United's new integrated cargo business management system – United Cargo 360° – to customers of the combined United Cargo. To ensure a seamless implementation of these benefits in a single cutover, we have re-planned the original United Cargo 360° "go-live" date.

A team of cargo business and technical experts from both carriers is working exclusively to customize United Cargo 360° and to test and document all system-related processes. The team is focused on ensuring United Cargo 360° will interface with all customer and government systems worldwide, as well as the internal technology that will be chosen for the new United. Following the single cutover, our customers will be able to book and track all our integrated products on all combined routes of our expanded network.

The best way I know to determine if we are meeting customer needs is to ask. I've seen a lot of the New United route map lately, meeting with customers at industry events and customer forums all over the globe.

I'd like to highlight two major events I'll be attending: the CNS Partnership Conference in Phoenix May 1-3, and the Transport Logistics/Air Cargo Europe tradeshow in Munich from May 10. United Cargo is sponsoring the first breakfast at CNS, and we will be exhibiting at a large stand just inside Hall A4 in Munich. I look forward to seeing many of you to discuss news affecting our ever-changing industry and the latest developments in United Cargo's integration.

As an added attraction, we will be launching the new United Cargo brand advertising in several publications covering these events. We have included two of our new ads below. We believe they effectively represent our efforts to combine the best people, products and services of subsidiary United and Continental Cargo. We hope you like them!

As always, all the people of United Cargo appreciate your business and your support.

Sincerely,



Robbie Anderson
President, United Cargo

