United Continental Holdings, Inc.
Form 11-K
June 22, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-06033

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

United Airlines Ground Employee 401(k) Plan

Benefits Administration - WHQHR

United Air Lines, Inc.

P.O. Box 66100

Chicago, IL 60666

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

United Continental Holdings, Inc.

77 W. Wacker Drive

Chicago, Illinois 60601

(312) 997-8000

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The following exhibit is filed herewith:

Exhibit 23.1 Consent of the Independent Registered Public Accounting Firm

NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the

United Airlines Ground Employee 401(k) Plan

We have audited the accompanying statement of net assets available for benefits of the United Airlines Ground Employee 401(k) Plan (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Washington, Pittman & McKeever, LLC

Chicago, Illinois

June 22, 2012

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UNITED AIRLINES

GROUND EMPLOYEE 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2011 AND 2010

(In thousands)

	2011	2010
Assets:		
Plan interest in Master Trust	$ 1,443,185	$ 1,480,255
Notes receivable from participants	69,227	66,896
Total assets	1,512,412	1,547,151
Liabilities:		
Accrued expenses	(21)	(21)
Total liabilities	(21)	(21)
Net assets available for benefits, at fair value	1,512,391	1,547,130
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(6,136)	(6,477)
Net Assets Available for Benefits	$ 1,506,255	$ 1,540,653

See notes to financial statements.

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UNITED AIRLINES

GROUND EMPLOYEE 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2011

(In thousands)

Additions:	
Participant contributions	$ 51,140
Rollover contributions	618
Employer contributions	16,852
Total	68,610
Plan s interest in Master Trust s investment income:	
Net depreciation in value of investments	(53,618)
Dividends	17,255
Interest	4,827
Interest income from notes receivable from participants	3,190
Net investment income	(28,346)
Total additions	40,264
Deductions:	
Net transfers to other Plans	(1,750)
Benefits paid to participants	(72,549)
Administrative expenses	(363)
Total deductions	(74,662)
Decrease in Net Assets	(34,398)
Net Assets Available for Benefits:	
Beginning of year	1,540,653
End of year	$ 1,506,255

See notes to financial statements.

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UNITED AIRLINES

GROUND EMPLOYEE 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2011 AND 2010 AND FOR THE YEAR ENDED DECEMBER 31, 2011

1. DESCRIPTION OF PLAN

The following description of the United Airlines Ground Employee 401(k) Plan (the Plan) is for general information purposes only. Participants should refer to the Plan document for more complete information.

General and Plan Participants. The Plan is a defined contribution plan covering all employees of United Air Lines, Inc. (United) who are represented by the International Brotherhood of Teamsters (Teamsters) and the International Association of Machinists and Aerospace Workers (IAM) except Mileage Plus, Inc. employees and Maintenance Instructors who participate in the Management and Administrative Plan. Employees are eligible to become participants on their date of hire. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Trustee and Record Keeper. Fidelity Management Trust Company (Fidelity or Trustee) is the Plan trustee and Fidelity Investments Institutional Operations Company, Inc. (FIIOC) is the transfer agent and recordkeeper of the Plan.

Contributions. There are several types of contributions that may be made to the Plan on participants behalf:

Employee contributions: Eligible employees may elect to make voluntary pretax contributions in any whole percentage from 1% to 30% of eligible earnings. Eligible employees may also make a supplemental election to contribute additional pretax contributions of 1% to 90% of their net pretax pay. Section 402(g) of the Internal Revenue Code limits the amount of pretax 401(k) contributions to a maximum of $16,500 in 2011. Lower limits may apply to certain highly compensated participants if the Plan does not pass certain nondiscrimination tests required by law. Section 415(c) of the Internal Revenue Code limits the total amount of contributions from all qualified defined contribution retirement plans to the lesser of 100% of annual compensation or $49,000.

Employer Contributions: For employees represented by the Teamsters, the employer contribution to the Plan equals 4% of each eligible participant s eligible earnings. In addition, United may make an additional contribution of up to 3.4% of eligible earnings for participants who were employed on May 15, 2005 (or who were on furlough on that date, but have subsequently returned to active status) according to a schedule based on the sum of the employee s age and credited service. In the event the total amount of the United s regular and additional contributions is less than 5% of all participants eligible earnings for the Plan year, United will make a supplemental employer contribution in the amount necessary to cause total employer contributions to equal 5% of all eligible participants earnings for the Plan year. The participant is not required to contribute to the Plan to receive this direct employer contribution. United does not make contributions on behalf of employees represented by the IAM to the Plan.

Voluntary pretax catch-up contributions: Participants age 50 or older, at any time during the Plan year, can make additional pretax catch-up contributions to the Plan. This catch-up contribution is available only to the extent the participant has contributed the maximum amount of 401(k) contributions permitted under the Plan and the participant has not exceeded the annual catch-up contribution limit. For calendar year 2011, the maximum catch-up amount is $5,500.

Rollover contributions: Participants may elect to roll over money into the Plan from certain other qualified employer plans or qualified Individual Retirement Account (IRA). The Plan will not accept a rollover of after-tax contributions. For the year ended December 31, 2011, $617,872 was transferred from other qualified plans as rollovers under the Internal Revenue Code Sections 402(c) and 408(d).

Investment Funds. Upon enrollment in the Plan, participants may direct their contributions and any employer-matching contributions to any of the 20 of investment options which include mutual funds, common/collective trusts, and separately managed accounts. Certain of the separately managed accounts hold investment contracts. For further information related to investment options refer to Note 3, Investment in Master Trust.

Vesting. Participants are vested immediately in their pretax contributions, catch-up contributions, rollover contributions, and their related earnings thereon. All employees employed as of May 15, 2005 are 100% vested in United s regular, additional and supplemental contributions and related earnings. For employees hired after May 15, 2005, a five-year vesting schedule was implemented beginning with 20% vested after the first year of service and increasing in 20% increments thereafter. Employees will be 100% vested in employer contributions subsequent to their fifth year of service, upon death, or attainment of age 65 while employed by United or an affiliate.

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Forfeitures. Upon termination of employment, participants will forfeit the nonvested portion of their account balance and such balance will be held in a separate subaccount until the participant incurs a break in service of five full years, at which time the subaccount balance will be forfeited. If the participant resumes employment with United or an affiliate prior to incurring a break in service of five full years, such subaccount will be disregarded and the balance will be included in the participant s account. Forfeitures occurring in a plan year will first be applied to restore the accounts of participants and any remaining forfeitures will be used to reduce the employer s contributions for the plan year in which the forfeiture occurs. Forfeited nonvested accounts totaled $7 and $1,909, at December 31, 2011 and 2010, respectively. For the year ended December 31, 2011, forfeitures of $175,198 were applied to reduce United s employer contributions under the Plan.

Participant Accounts. Individual accounts are maintained for each Plan participant. Each participant s account is credited with contributions and Plan earnings, and charged with withdrawals, an allocation of Plan losses and administrative expenses. Allocations are based on account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Participant Loans. Active employees who are receiving regular pay from United may borrow from their Plan accounts. A loan may not exceed $50,000 minus their highest outstanding loan balance over the last 12 months or one-half of their total vested Plan account balance, whichever is less. The minimum that may be borrowed is $1,000. Loans are funded from the participant s account by a pro rata transfer from each investment fund in which the account is invested. Amounts invested in the United Continental Holdings, Inc. (UCHI) Stock Fund or Fidelity Brokerage Link must be transferred to another investment fund to be available to fund a loan. The loan is repaid through payroll deductions on an after tax basis for the term of the loan (a maximum of 60 months) and is subject to an annual interest rate at one percent above the prime rate listed in the Wall Street Journal on the business day preceding the effective date of the participant request (interest rates ranged from 4.25% to 10% at December 31, 2011). If the participant takes out a loan for the purchase of the participant s primary residence, the maximum term of the loan is 15 years. The amount repaid is reinvested in the participant s account based on the investment allocations at the time of repayment. Participants may have up to two loans outstanding at one time. Upon the employee s termination of employment, a loan not paid in full within 60 days becomes a taxable distribution. Loans not paid on the last day of the calendar quarter following the calendar quarter in which the loan installment payment was due will be in default and the outstanding balance of the defaulted loan plus accrued interest will be considered a taxable distribution. An initial fee of $35 is deducted from loan proceeds. In addition a quarterly maintenance fee of $2.50 is deducted from the participant s account.

Payment of Benefits. Withdrawals from the Plan may be made as follows, as applicable to the participant s eligibility, amount requested, and existing balances:

Participants who have separated from service (for reasons other than death) may elect payment in the form of a lump-sum, equal periodic installments, or in the form of an immediate fixed or variable annuity. All or a portion of the amount of the distribution may be deferred from the participants current taxable income by a direct roll over into an IRA, qualified plan, an annuity contract or annuity plan under Section 403, and certain governmental plans under Section 457. Participants with account balances exceeding $1,000 may elect to defer receipt of their benefits until minimum distributions are required to start no later than April 1st of the year following the year in which they reach age 70 1/2.

Distributions of accounts due to the death of a participant may be taken by the participant s beneficiary in the form of a lump-sum payment or through the purchase of an annuity, subject to the limitations of the Internal Revenue Code 401(a)(9).

In-service withdrawals for participants who are actively employed or are absent due to reasons of illness, or approved leave of absence that maintain an employer-employee relationship with United are permitted as follows:

1. Hardship withdrawals, subject to restrictions described in the plan agreements.

2. After reaching age 59 1/2, pretax contributions, including catch-up contributions, rollover contributions, and the special employer contributions of proceeds of 5% Senior Convertible Notes and UCHI stock (as adjusted for earnings) may be withdrawn at any time.

Active participants that have reached age 70 $^{1}/2$ may choose to defer distribution until termination of employment.

Generally, withdrawals are allocated pro rata to the balances of each of the investment funds in the participant s account.

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2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Notes Receivable from Participants. Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based on the terms of the Plan document.

Fair Value information. In January 2010, the Financial Accounting Standards Board (FASB) released accounting guidance that requires new fair value measurement classification disclosures and clarifies existing disclosures. The guidance requires disclosures about transfers into and out of Levels 1 and 2 of the fair value hierarchy, and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. It also clarifies the existing fair value disclosures regarding valuation techniques, inputs used in those valuation models and at what level of detail fair value disclosures should be provided.

In May 2011, the FASB issued Accounting Standards Update 2011-04 (ASU 2011-04), *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which changes the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011, and should be applied prospectively. Early adoption is not permitted. The Plan is currently evaluating the impact ASU 2011-04 will have on the financial statements.

Investment Valuation and Income Recognition. The Plan s investments are held in the United Air Lines, Inc. 401(k) Plans Master Trust (the Trust), which was established for the investment of assets of the Plan and several other plans sponsored by United and administered by the Trustee. The investments of the Trust are reported at fair value (See Note 9 Fair Value Measurements) except for participant loans as described above. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net Appreciation in Value of Investments. Net appreciation in value of investments includes realized and unrealized gains and losses. Realized and unrealized gains and losses are calculated as the difference between fair value at January 1, or date of purchase if subsequent to January 1, and fair value at date of sale or the current year-end.

Administrative Expenses. Administrative expenses, which are paid by the Plan, represent administrative and investment manager fees charged by Fidelity, accountant and audit fees, and recordkeeping fees charged by FIIOC. Brokerage and other investment fees are included as a reduction of the investment return for such investments. United performs certain reporting and supervisory functions for the Plan without charge.

Payment of Benefits. Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of persons who had elected to withdraw from the Plan but have not yet been paid at December 31, 2011 and 2010.

Transfers between Plans. Transfers between plans reflect the change in employee coverage and transfer of any related balances between this Plan and other defined contribution plans sponsored by United, including the United Airlines Management and Administrative Employee 401(k) Plan and the United Airlines Flight Attendant 401(k) Plan.

Risks and Uncertainties. The Plan utilizes various investment instruments, including mutual funds and investment contracts. Investment securities are exposed to various risks such as interest rate, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the participants account balances and the amounts reported in the statement of net assets available for benefits.

3. ASSETS IN MASTER TRUST

Assets of the Plan are commingled with the assets of the other participating United plans consisting of the Management and Administrative 401(k) Plan, and the Flight Attendant 401(k) Plan. Although assets of the plans are commingled in the Trust, the Trustee maintains separate records for each of the plans. Assets of the Trust are allocated to the following plans at December 31, 2011 and 2010, as follows (in thousands):

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	December 31, 2011 Amount	Percent	December 31, 2010 Amount	Percent
Ground Employee 401(k) Plan	$ 1,512,412	37.87%	$ 1,547,151	38.42%
Management and Administrative 401(k) Plan	1,051,537	26.33	1,054,347	26.19
Flight Attendant 401(k) Plan*	1,429,685	35.80	1,425,082	35.39
Total	$ 3,993,634	100.00%	$ 4,026,580	100.00%

* Contribution receivable of $24,237 and $26,564 is not included as part of assets in the Master Trust as of December 31, 2011 and 2010, respectively.

Assets of the Trust as of December 31, 2011 and 2010 are as follows (in thousands):

	2011	2010
Fidelity Mutual Funds:		
Growth Company Fund	$ 596,198*	$ 608,364*
Spartan International Growth		54,700
Other Receivables	5	50
BrokerageLink	145,081	124,708
Stated Return Fund	81,723	84,002
Blended Income Fund	585,281*	581,963*
Columbia Acorn International Fund	18,168	15,298
Loomis Value	119,171	128,252
Perkins Small Cap Value	12,913	7,711
Vanguard US Equity Index Portfolio	253,953*	260,660*
Vanguard Prime Money Market Fund	142,253	138,743
Vanguard Inflation Protected Securities Admiral Shares	22,020	4,748
Vanguard Target Retirement 2005	62,261	62,991
Vanguard Target Retirement 2015	339,896*	334,245*
Vanguard Target Retirement 2025	347,779*	328,986*
Vanguard Target Retirement 2035	150,615	141,104
Vanguard Target Retirement 2045	40,871	37,513
Vanguard Target Date Income Portfolio	20,876	18,869
Pimco Total Return Bond Portfolio	148,042	153,685
UCHI Stock Fund	161,192	217,765*
Thornburg International Value Fund	209,950*	200,386
American Century Investment Growth Fund	335,431*	359,905*
Templeton Global Bond Fund	34,514	21,997
Dreyfus/The Boston Company Small Cap Value Fund	24,915	8,533
Total investments, at fair value	3,853,108	3,895,178
Notes receivable from participants	140,526	131,402
Total	3,993,634	4,026,580
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(15,019)	(16,230)
Total Assets	$ 3,978,615	$ 4,010,350

* Represents an investment greater than 5% of Trust net assets

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The Trust s investment gain (loss) for the year ended 2011, is as follows (thousands):

Fidelity Mutual Funds:	
Growth Company Fund	$ (15,569)
Spartan International Growth	785
BrokerageLink	(14,270)
Vanguard Target Retirement Income	1,040
Vanguard Target Retirement 2005	3,129
Vanguard Target Retirement 2015	5,424
Vanguard Target Retirement 2025	(1,910)
Vanguard Target Retirement 2035	(3,878)
Vanguard Target Retirement 2045	(1,192)
Vanguard Inflation Protected Securities Admiral Shares	550
Columbia Acorn International Fund	(3,709)
Loomis Value	(5,373)
Perkins Small Cap Value	(2,173)
Pimco Total Return Bond Portfolio	6,551
Vanguard US Equity Index Portfolio	5,374
UCHI Stock Fund	(43,005)
Thornburg International Value Fund	(35,289)
American Century Investments Growth Fund	(16,258)
Templeton Global Bond Funds	(3,465)
Dreyfus/The Boston Company Small Cap Value Fund	(1,462)
Net depreciation	(124,700)
Dividends	46,615
Interest	12,675
Interest Income from notes receivable from participants	