
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 17, 2018

**UNITED CONTINENTAL HOLDINGS, INC.
UNITED AIRLINES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware
Delaware**
(State or other jurisdiction
of incorporation)

**001-06033
001-10323**
(Commission File Number)

**36-2675207
74-2099724**
(IRS Employer
Identification Number)

**233 S. Wacker Drive, Chicago, IL
233 S. Wacker Drive, Chicago, IL**
(Address of principal executive offices)

**60606
60606**
(Zip Code)

**(872) 825-4000
(872) 825-4000**

Registrant's telephone number, including area code

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 17, 2018, United Continental Holdings, Inc. (“UAL”), the holding company whose primary subsidiary is United Airlines, Inc. (“United,” and together with UAL, the “Company”), issued a press release announcing the financial results of the Company for first quarter 2018. The press release is attached as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or otherwise subject to the liabilities of that Section and shall not be deemed incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, (the “Securities Act”) except as shall be expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

On April 17, 2018, UAL will provide an investor update related to the financial and operational outlook for the Company for second quarter and full year 2018. A copy of the investor update is attached as Exhibit 99.2 and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section and shall not be deemed incorporated by reference into any registration statement or other document filed pursuant to the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press Release issued by United Continental Holdings, Inc. dated April 17, 2018 |
| 99.2 | Investor Update issued by United Continental Holdings, Inc. dated April 17, 2018 |

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED CONTINENTAL HOLDINGS, INC.
UNITED AIRLINES, INC.

By: /s/ Chris Kenny
Name: Chris Kenny
Title: Vice President and Controller

Date: April 17, 2018

News Release

United Airlines
 Worldwide Media Relations
 872.825.8640
 media.relations@united.com



United Airlines Reports First-Quarter 2018 Performance

CHICAGO, April 17, 2018 – United Airlines (UAL) today announced its first-quarter 2018 financial results.

- UAL reported first-quarter net income of \$147 million, diluted earnings per share of \$0.52, pre-tax earnings of \$184 million and pre-tax margin of 2.0 percent.
- Excluding special charges and mark-to-market adjustments, UAL reported first-quarter net income of \$143 million, diluted earnings per share of \$0.50, pre-tax earnings of \$179 million and pre-tax margin of 2.0 percent.
- UAL has repurchased \$747 million of its common shares year-to-date through April 16, 2018, representing approximately 4 percent of its shares outstanding as of year-end 2017.
- Consolidated passenger revenue per available seat mile (PRASM) increased 2.7 percent year-over-year.
- Consolidated total revenue per available seat mile (TRASM) increased 3.4 percent year-over-year.
- Consolidated unit cost per available seat mile (CASM) increased 4.3 percent year-over-year.
- First-quarter consolidated CASM, excluding special charges, third-party business expenses, fuel and profit sharing, increased 0.6 percent year-over-year.
- UAL now expects full-year 2018 diluted earnings per share, excluding special charges and mark-to-market adjustments, to be \$7.00 to \$8.50¹.

“The exceptional operational performance United’s employees delivered over the past quarter is impressive. Even more so when we consider United achieved the best departure performance among our largest competitors despite four nor’easters and other weather disruptions,” said Oscar Munoz, chief executive officer of United Airlines. “With our first-quarter financial results and our increased confidence in the outlook for the remainder of the year, we are tightening our adjusted EPS guidance range for the full year to \$7.00 to \$8.50. We continue to execute our strategy to strengthen and grow our domestic network, drive asset efficiency and productivity, while also continuing our focus on our customers.”

For more information on UAL’s second-quarter 2018 guidance, please visit ir.united.com for the company’s investor update.

First-Quarter Highlights

Operations and Employees

- Ranked first among our largest competitors in on-time departures and second among the same group in fewest cancelled flights.
- Introduced and began training our team on United's new customer service decision framework, the core4, which focuses on the principles of being safe, caring, dependable and efficient.
- Ranked number one among global carriers in Newsweek's 2017 Global 500 Green Rankings, one of the most recognized environmental performance assessments of the world's largest publicly traded companies.
- Announced new global partnership with the Special Olympics.
- Flew hundreds of Team USA Olympic and Paralympic Winter Games 2018 athletes – along with coaches and family members – to PyeongChang, South Korea, continuing the 38-year relationship between United and the United States Olympic Committee.

Customer Experience

- Announced United Premium Plus that will provide more space, comfort and amenities on select international flights starting later this year.
- Expanded menu selections for our Snack Shop and Bistro on Board and launched a new menu for customers flying from Canada to the U.S.
- Announced that consumers can now earn and use United MileagePlus award miles at participating BP retail stations.
- Eliminated charges for customers' second checked bag on all routes from North America to China and Hong Kong.

Network and Fleet

- Launched two new international routes from Houston to Sydney and Denver to London.
- Announced new service between six domestic hubs and eight destinations in California, Ohio, North Dakota, South Dakota, Virginia and Wisconsin.
- As part of our joint venture relationship, Air New Zealand announced new nonstop service between Auckland and Chicago beginning this fall.
- Announced year-round service between San Francisco and Auckland beginning April 2019.
- Awarded tentative authority by the U.S. Department of Transportation to begin offering daily nonstop service between Houston and Havana, Cuba.
- Took delivery of six new aircraft: four Boeing 787-9s and two Boeing 777-300ERs.
- Announced newest aircraft type, the Boeing 737 MAX 9, to be introduced in domestic flight schedules starting in June.
- Entered into an agreement to purchase 20 used Airbus A319 aircraft with expected delivery dates scheduled in 2020 and 2021.

Earnings Call

UAL will hold a conference call to discuss first-quarter 2018 financial results on Wednesday, April 18, at 9:30 a.m. Central Time /10:30 a.m. Eastern Time. A live, listen-only webcast of the conference call will be available at ir.united.com. The webcast will be available for replay within 24 hours of the conference call and then archived on the website for three months.

About United

United Airlines and United Express operate approximately 4,600 flights a day to 354 airports across five continents. In 2017, United and United Express operated more than 1.6 million flights carrying more than 148 million customers. United is proud to have the world's most comprehensive route network, including U.S. mainland hubs in Chicago, Denver, Houston, Los Angeles, Newark/New York, San Francisco and Washington, D.C. United operates 750 mainline aircraft and the airline's United Express carriers operate 545 regional aircraft. The airline is a founding member of Star Alliance, which provides service to 191 countries via 28 member airlines. For more information, visit united.com, follow @United on Twitter or connect on Facebook. The common stock of United's parent, United Continental Holdings, Inc., is traded on the NYSE under the symbol "UAL".

¹ Excludes special charges and mark-to-market impact of equity investments, the nature of which are not determinable at this time. Accordingly, UAL is not providing earnings guidance on a GAAP basis.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

Certain statements included in this release are forward-looking and thus reflect our current expectations and beliefs with respect to certain current and future events and anticipated financial and operating performance. Such forward-looking statements are and will be subject to many risks and uncertainties relating to our operations and business environment that may cause actual results to differ materially from any future results expressed or implied in such forward-looking statements. Words such as "expects," "will," "plans," "anticipates," "indicates," "believes," "estimates," "forecast," "guidance," "outlook," "goals" and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this release are based upon information available to us on the date of this release. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as required by applicable law. Our actual results could differ materially from these forward-looking statements due to numerous factors including, without limitation, the following: general economic conditions (including interest rates, foreign currency exchange rates, investment or credit market conditions, crude oil prices, costs of aircraft fuel and energy refining capacity in relevant markets); economic and political instability and other risks of doing business globally, including political developments that may impact our operations in certain countries; demand for travel and the impact that global economic and political conditions have on customer travel patterns; competitive pressures on pricing and on demand; demand for transportation in the markets in which we operate; our capacity decisions and the capacity decisions of our competitors; the effects of any hostilities, act of war or terrorist attack; the effects of any technology failures or cybersecurity breaches; the impact of regulatory, investigative and legal proceedings and legal compliance risks; disruptions to our regional network; the ability of other air carriers with whom we have alliances or partnerships to provide the services contemplated by the respective arrangements with such carriers; costs associated with any modification or termination of our aircraft orders; potential reputational or other impact from adverse events in our operations, the operations of our regional carriers or the operations of our code share partners; our ability to attract and retain customers; our ability to execute our operational plans and revenue-generating initiatives, including optimizing our revenue; our ability to control our costs, including realizing benefits from our resource optimization efforts, cost reduction initiatives and fleet replacement programs; the impact of any management changes; our ability to cost-effectively hedge against increases in the price of aircraft fuel if we decide to do so; any potential realized or unrealized gains or losses related to any fuel or currency hedging programs; labor costs; our ability to maintain satisfactory labor relations and the results of any collective bargaining agreement process with our union groups; any disruptions to operations due to any potential actions by our labor groups; an outbreak of a disease that affects travel demand or travel behavior; U.S. or foreign governmental legislation, regulation and other actions (including Open Skies agreements and environmental regulations); industry consolidation or changes in airline alliances; our ability to comply with the terms of our various financing arrangements; the costs and availability of financing; our ability to maintain adequate liquidity; the costs and availability of aviation and other insurance; weather conditions; our ability to utilize our net operating losses to offset future taxable income; the impact of changes in tax laws; the success of our investments in airlines in other parts of the world; and other risks and uncertainties set forth under Part I, Item 1A., "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as well as other risks and uncertainties set forth from time to time in the reports we file with the U.S. Securities and Exchange Commission.

-tables attached-

On January 1, 2018, United Continental Holdings, Inc. ("UAL") adopted Accounting Standards Update No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*, and Accounting Standards Update No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. As such, certain previously reported 2017 figures are adjusted in this report on a basis consistent with the new standards. See the Current Report on Form 8-K filed by UAL with the Securities and Exchange Commission on March 1, 2018 for additional information.

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED) (A)

| (In millions, except per share data) | Three Months Ended | | % |
|--|--------------------|----------------|-------------------------|
| | March 31, | | |
| | 2018 | 2017 | Increase/ (Decrease) |
| Operating revenue: | | | |
| Passenger | \$8,149 | \$ 7,653 | 6.5 |
| Cargo | 293 | 238 | 23.1 |
| Other operating revenue | 590 | 535 | 10.3 |
| Total operating revenue | <u>9,032</u> | <u>8,426</u> | 7.2 |
| Operating expense: | | | |
| Salaries and related costs | 2,726 | 2,636 | 3.4 |
| Aircraft fuel | 1,965 | 1,560 | 26.0 |
| Regional capacity purchase | 619 | 536 | 15.5 |
| Landing fees and other rent | 558 | 544 | 2.6 |
| Depreciation and amortization | 541 | 518 | 4.4 |
| Aircraft maintenance materials and outside repairs | 440 | 454 | (3.1) |
| Distribution expenses | 342 | 319 | 7.2 |
| Aircraft rent | 127 | 179 | (29.1) |
| Special charges (C) | 40 | 51 | NM |
| Other operating expenses | 1,398 | 1,309 | 6.8 |
| Total operating expense | <u>8,756</u> | <u>8,106</u> | 8.0 |
| Operating income | 276 | 320 | (13.8) |
| <i>Operating margin</i> | 3.1% | 3.8% | (0.7) pts. |
| <i>Operating margin, excluding special charges (Non-GAAP)</i> | 3.5% | 4.4% | (0.9) pts. |
| Nonoperating income (expense): | | | |
| Interest expense | (176) | (162) | 8.6 |
| Interest capitalized | 19 | 23 | (17.4) |
| Interest income | 17 | 11 | 54.5 |
| Miscellaneous, net (C) | 48 | (42) | NM |
| Total nonoperating expense | <u>(92)</u> | <u>(170)</u> | (45.9) |
| Income before income taxes | 184 | 150 | 22.7 |
| <i>Pre-tax margin</i> | 2.0% | 1.8% | 0.2 pts. |
| <i>Pre-tax margin, excluding special charges and mark-to-market ("MTM") gains on equity investments (Non-GAAP)</i> | 2.0% | 2.4% | (0.4) pts. |
| Income tax expense (D) | 37 | 51 | (27.5) |
| Net income | <u>\$ 147</u> | <u>\$ 99</u> | 48.5 |
| Earnings per share, diluted | <u>\$ 0.52</u> | <u>\$ 0.32</u> | 62.5 |
| Weighted average shares, diluted | 284.9 | 314.6 | (9.4) |

NM Not meaningful

UNITED CONTINENTAL HOLDINGS, INC.
STATISTICS

| | Three Months Ended March 31, | | % Increase/ (Decrease) |
|---|---------------------------------|---------|------------------------------|
| | 2018 | 2017 | |
| Mainline: | | | |
| Passengers (thousands) | 24,602 | 23,825 | 3.3 |
| Revenue passenger miles (millions) | 44,110 | 42,183 | 4.6 |
| Available seat miles (millions) | 54,798 | 53,054 | 3.3 |
| Cargo ton miles (millions) | 817 | 748 | 9.2 |
| Passenger revenue per available seat mile (cents) | 12.07 | 11.74 | 2.8 |
| Average yield per revenue passenger mile (cents) | 15.00 | 14.76 | 1.6 |
| Aircraft in fleet at end of period | 750 | 743 | 0.9 |
| Average stage length (miles) | 1,813 | 1,802 | 0.6 |
| Average daily utilization of each aircraft (hours: minutes) | 9:57 | 9:45 | 2.1 |
| Average aircraft fuel price per gallon | \$ 2.09 | \$ 1.70 | 22.9 |
| Fuel gallons consumed (millions) | 771 | 761 | 1.3 |
| Regional: | | | |
| Passengers (thousands) | 9,893 | 9,280 | 6.6 |
| Revenue passenger miles (millions) | 5,739 | 5,428 | 5.7 |
| Available seat miles (millions) | 7,179 | 6,754 | 6.3 |
| Passenger revenue per available seat mile (cents) | 21.35 | 21.11 | 1.1 |
| Average yield per revenue passenger mile (cents) | 26.71 | 26.27 | 1.7 |
| Aircraft in fleet at end of period | 545 | 478 | 14.0 |
| Average stage length (miles) | 565 | 573 | (1.4) |
| Average aircraft fuel price per gallon | \$ 2.19 | \$ 1.80 | 21.7 |
| Fuel gallons consumed (millions) | 161 | 149 | 8.1 |
| Consolidated (Mainline and Regional): | | | |
| Passengers (thousands) | 34,495 | 33,105 | 4.2 |
| Revenue passenger miles (millions) | 49,849 | 47,611 | 4.7 |
| Available seat miles (millions) | 61,977 | 59,808 | 3.6 |
| Passenger load factor: | | | |
| Consolidated | 80.4% | 79.6% | 0.8 pts. |
| Domestic | 82.8% | 83.3% | (0.5) pts. |
| International | 77.5% | 75.2% | 2.3 pts. |
| Passenger revenue per available seat mile (cents) | 13.15 | 12.80 | 2.7 |
| Total revenue per available seat mile (cents) | 14.57 | 14.09 | 3.4 |
| Average yield per revenue passenger mile (cents) | 16.35 | 16.07 | 1.7 |
| Aircraft in fleet at end of period | 1,295 | 1,221 | 6.1 |
| Average stage length (miles) | 1,443 | 1,451 | (0.6) |
| Average full-time equivalent employees (thousands) | 85.6 | 85.2 | 0.5 |
| Average aircraft fuel price per gallon | \$ 2.11 | \$ 1.71 | 23.4 |
| Fuel gallons consumed (millions) | 932 | 910 | 2.4 |

Note: See Part II, Item 6, Selected Financial Data, of UAL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for definitions of these statistics.

UNITED CONTINENTAL HOLDINGS, INC.
SUMMARY FINANCIAL METRICS (A)

| (In millions, except per share data) | Three Months Ended March 31, | | % Increase/ (Decrease) |
|--|---------------------------------|----------|------------------------------|
| | 2018 | 2017 | |
| Operating income | \$ 276 | \$ 320 | (13.8) |
| Operating margin | 3.1% | 3.8% | (0.7) pts. |
| Operating income, excluding special charges (Non-GAAP) | 316 | 371 | (14.8) |
| Operating margin, excluding special charges (Non-GAAP) | 3.5% | 4.4% | (0.9) pts. |
| EBITDA, excluding special charges and MTM gains on equity investments (Non-GAAP) | \$ 860 | \$ 847 | 1.5 |
| EBITDA margin, excluding special charges and MTM gains on equity investments (Non-GAAP) | 9.5% | 10.1% | (0.6) pts. |
| Pre-tax income | \$ 184 | \$ 150 | 22.7 |
| Pre-tax margin | 2.0% | 1.8% | 0.2 pts. |
| Pre-tax income, excluding special charges and MTM gains on equity investments (Non-GAAP) | 179 | 201 | (10.9) |
| Pre-tax margin, excluding special charges and MTM gains on equity investments (Non-GAAP) | 2.0% | 2.4% | (0.4) pts. |
| Net income | \$ 147 | \$ 99 | 48.5 |
| Net income, excluding special charges and MTM gains on equity investments (Non-GAAP) | 143 | 132 | 8.3 |
| Diluted earnings per share | \$ 0.52 | \$ 0.32 | 62.5 |
| Diluted earnings per share, excluding special charges and MTM gains on equity investments (Non-GAAP) | 0.50 | 0.42 | 19.0 |
| Net cash provided by operating activities | \$ 1,733 | \$ 547 | 216.8 |
| Capital expenditures | \$ 979 | \$ 691 | 41.7 |
| Adjusted capital expenditures (Non-GAAP) | 1,013 | 1,354 | (25.2) |
| Free cash flow, net of financings (Non-GAAP) | \$ 754 | \$ (144) | NM |
| Free cash flow (Non-GAAP) | 720 | (807) | NM |

NM Not meaningful

UNITED CONTINENTAL HOLDINGS, INC.
RETURN ON INVESTED CAPITAL (ROIC) – Non-GAAP

ROIC is a non-GAAP financial measure that we believe provides useful supplemental information for management and investors by measuring the effectiveness of our operations' use of invested capital to generate profits.

| (in millions) | Twelve Months Ended March 31, 2018 |
|---|---------------------------------------|
| Net Operating Profit After Tax ("NOPAT") | |
| Pre-tax income | \$ 3,074 |
| Special charges and MTM gains on equity investments (C): | |
| Severance and benefit costs | 93 |
| Impairment of assets | 48 |
| (Gains) losses on sale of assets and other special charges | 24 |
| MTM gains on equity investments | (45) |
| Pre-tax income excluding special charges and MTM gains on equity investments (Non-GAAP) | 3,194 |
| add: Interest expense (net of income tax benefit) (a) | 681 |
| add: Interest component of capitalized aircraft rent (net of income tax benefit) (a) | 277 |
| add: Net interest on pension (net of income tax benefit) (a) | 25 |
| less: Income taxes paid | (17) |
| NOPAT (Non-GAAP) | \$ 4,160 |
| Average Invested Capital (five-quarter average) | |
| Total assets | \$ 42,571 |
| add: Capitalized aircraft operating leases (b) | 4,430 |
| less: Non-interest bearing liabilities (c) | (16,696) |
| Average invested capital (Non-GAAP) | \$ 30,305 |
| Return on invested capital (Non-GAAP) | 13.7% |

- (a) Income tax benefit measured based on the effective cash tax rate. The effective cash tax rate is calculated by dividing cash taxes paid by pre-tax income excluding special charges and MTM gains on equity investments. For the twelve months ended March 31, 2018, the effective cash tax rate was 0.5%.
- (b) The purpose of this adjustment is to capitalize the impact of aircraft operating leases. The company uses a multiple of seven times its annual aircraft rent expense to estimate the potential capitalized value and related liability of its aircraft. This is a simplified method used by many rating agencies and financial analysts to assist with the impact of operating leases on financial measures like return on invested capital.
- (c) Non-interest bearing liabilities include advance ticket sales, frequent flyer deferred revenue, deferred income taxes and other non-interest bearing liabilities.

UNITED CONTINENTAL HOLDINGS, INC.
NON-GAAP FINANCIAL RECONCILIATION

(A) UAL evaluates its financial performance utilizing various accounting principles generally accepted in the United States of America (GAAP) and Non-GAAP financial measures, including operating income (loss), excluding special charges, operating margin excluding special charges, pre-tax income (loss), excluding special charges and MTM gains and losses on equity investments, pre-tax margin, excluding special charges and MTM gains and losses on equity investments, net income (loss), excluding special charges and MTM gains and losses on equity investments, diluted earnings (loss) per share, excluding special charges and MTM gains and losses on equity investments, and CASM, excluding special charges, third-party business expenses, fuel, and profit sharing, among others. UAL believes that adjusting for special charges is useful to investors because special charges are charges not indicative of UAL's ongoing performance. UAL believes that adjusting for MTM gains and losses on equity investments is useful to investors because those unrealized gains or losses may not ultimately be realized on a cash basis.

CASM is a common metric used in the airline industry to measure an airline's cost structure and efficiency. UAL reports CASM excluding special charges, third-party business expenses, fuel and profit sharing. UAL believes that adjusting for special charges is useful to investors because special charges are charges not indicative of UAL's ongoing performance. UAL also believes that excluding third-party business expenses, such as maintenance, ground handling and catering services for third parties, and fuel sales, provides more meaningful disclosure because these expenses are not directly related to UAL's core business. UAL also believes that excluding fuel costs from certain measures is useful to investors because it provides an additional measure of management's performance excluding the effects of a significant cost item over which management has limited influence. UAL excludes profit sharing because this exclusion allows investors to better understand and analyze our operating cost performance and provides a more meaningful comparison of our core operating costs to the airline industry. Reconciliations of reported non-GAAP financial measures to the most directly comparable GAAP financial measures are included below.

| | Three Months Ended | | % |
|--|--------------------|-------|-------------------------|
| | March 31, | | |
| | 2018 | 2017 | Increase/ (Decrease) |
| CASM Mainline Operations (cents) | | | |
| Cost per available seat mile (CASM) | 13.58 | 13.15 | 3.3 |
| Special charges (C) | 0.07 | 0.09 | NM |
| Third-party business expenses | 0.06 | 0.09 | (33.3) |
| Fuel expense | 2.94 | 2.44 | 20.5 |
| CASM, excluding special charges, third-party business expenses and fuel | 10.51 | 10.53 | (0.2) |
| Profit sharing per available seat mile | 0.03 | 0.03 | — |
| CASM, excluding special charges, third-party business expenses, fuel, and profit sharing | 10.48 | 10.50 | (0.2) |
| CASM Consolidated Operations (cents) | | | |
| Cost per available seat mile (CASM) | 14.13 | 13.55 | 4.3 |
| Special charges (C) | 0.07 | 0.08 | NM |
| Third-party business expenses | 0.05 | 0.07 | (28.6) |
| Fuel expense | 3.17 | 2.60 | 21.9 |
| CASM, excluding special charges, third-party business expenses and fuel | 10.84 | 10.80 | 0.4 |
| Profit sharing per available seat mile | 0.02 | 0.04 | (50.0) |
| CASM, excluding special charges, third-party business expenses, fuel, and profit sharing | 10.82 | 10.76 | 0.6 |

NM Not meaningful

UNITED CONTINENTAL HOLDINGS, INC.
NON-GAAP FINANCIAL RECONCILIATION (Continued)

| (in millions, except per share data) | Three Months Ended March 31, | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
|---|---------------------------------|-----------------|-------------------------------|------------------------------|
| | 2018 | 2017 | | |
| Operating expenses | \$ 8,756 | \$ 8,106 | \$ 650 | 8.0 |
| Special charges (C) | 40 | 51 | (11) | NM |
| Operating expenses, excluding special charges | 8,716 | 8,055 | 661 | 8.2 |
| Third-party business expenses | 31 | 40 | (9) | (22.5) |
| Fuel expense | 1,965 | 1,560 | 405 | 26.0 |
| Profit sharing, including taxes | 17 | 20 | (3) | (15.0) |
| Operating expenses, excluding fuel, profit sharing, special charges and third-party business expenses | <u>\$ 6,703</u> | <u>\$ 6,435</u> | <u>\$ 268</u> | 4.2 |
| Operating income | \$ 276 | \$ 320 | \$ (44) | (13.8) |
| Special charges (C) | 40 | 51 | (11) | NM |
| Operating income, excluding special charges | <u>\$ 316</u> | <u>\$ 371</u> | <u>\$ (55)</u> | (14.8) |
| Pre-tax income | \$ 184 | \$ 150 | \$ 34 | 22.7 |
| Special charges and MTM gains on equity investments before income taxes (C) | (5) | 51 | (56) | NM |
| Pre-tax income excluding special charges and MTM gains on equity investments | <u>\$ 179</u> | <u>\$ 201</u> | <u>\$ (22)</u> | (10.9) |
| Net income | \$ 147 | \$ 99 | \$ 48 | 48.5 |
| Special charges and MTM gains on equity investments, net of tax (C) | (4) | 33 | (37) | NM |
| Net income, excluding special charges and MTM gains on equity investments | <u>\$ 143</u> | <u>\$ 132</u> | <u>\$ 11</u> | 8.3 |
| Diluted earnings per share | \$ 0.52 | \$ 0.32 | \$ 0.20 | 62.5 |
| Special charges and MTM gains on equity investments | (0.02) | 0.16 | (0.18) | NM |
| Tax effect related to special charges and MTM gains on equity investments | — | (0.06) | 0.06 | NM |
| Diluted earnings per share, excluding special charges and MTM gains on equity investments | <u>\$ 0.50</u> | <u>\$ 0.42</u> | <u>\$ 0.08</u> | 19.0 |

NM Not meaningful

UNITED CONTINENTAL HOLDINGS, INC.
NON-GAAP FINANCIAL RECONCILIATION (Continued)

UAL provides financial metrics, including earnings before interest, taxes, depreciation and amortization (EBITDA), that we believe provide useful supplemental information for management and investors by measuring profit and profit as a percentage of total operating revenues. UAL also provides EBITDA excluding special charges that management believes are not indicative of UAL's ongoing performance, and excluding MTM on equity investments, which represents unrealized gains or losses that may not ultimately be realized on a cash basis.

| | Three Months Ended March 31, | |
|---|---------------------------------|---------------|
| | 2018 | 2017 |
| EBITDA, excluding special charges and MTM gains on equity investments (In millions) | | |
| Net income | \$ 147 | \$ 99 |
| Adjusted for: | | |
| Depreciation and amortization | 541 | 518 |
| Interest expense | 176 | 162 |
| Interest capitalized | (19) | (23) |
| Interest income | (17) | (11) |
| Income tax expense (D) | 37 | 51 |
| Special charges before income taxes (C) | 40 | 51 |
| MTM gains on equity investments (C) | (45) | — |
| EBITDA, excluding special charges and MTM gains on equity investments (Non-GAAP) | <u>\$ 860</u> | <u>\$ 847</u> |

UAL believes that adjusting capital expenditures for assets acquired through the issuance of debt and capital leases, airport construction financing and excluding fully reimbursable projects is useful to investors in order to appropriately reflect the non-reimbursable funds spent on capital expenditures. UAL also believes that adjusting net cash provided by operating activities for capital expenditures and adjusted capital expenditures is useful to allow investors to evaluate the company's ability to generate cash that is available for debt service or general corporate initiatives.

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------------|
| | 2018 | 2017 |
| Capital Expenditures (in millions) | | |
| Capital expenditures | \$ 979 | \$ 691 |
| Property and equipment acquired through the issuance of debt and capital leases | 74 | 711 |
| Airport construction financing | 12 | 21 |
| Fully reimbursable projects | (52) | (69) |
| Adjusted capital expenditures – Non-GAAP | <u>\$ 1,013</u> | <u>\$ 1,354</u> |
| Free Cash Flow (in millions) | | |
| Net cash provided by operating activities | \$ 1,733 | \$ 547 |
| Less capital expenditures | 979 | 691 |
| Free cash flow, net of financings – Non-GAAP | <u>\$ 754</u> | <u>\$ (144)</u> |
| Net cash provided by operating activities | \$ 1,733 | \$ 547 |
| Less adjusted capital expenditures – Non-GAAP | 1,013 | 1,354 |
| Free cash flow – Non-GAAP | <u>\$ 720</u> | <u>\$ (807)</u> |

UNITED CONTINENTAL HOLDINGS, INC.
NOTES (UNAUDITED)

(B) Select passenger revenue information is as follows (in millions):

| | 1Q 2018 Passenger Revenue (millions) | Passenger Revenue vs. 1Q 2017 | PRASM vs. 1Q 2017 | Yield vs. 1Q 2017 | Available Seat Miles vs. 1Q 2017 |
|---------------|---|--|-------------------------|-------------------------|---|
| Mainline | \$ 3,485 | 6.5% | 1.7% | 2.2% | 4.7% |
| Regional | <u>1,483</u> | 7.5% | 0.5% | 1.6% | 7.0% |
| Domestic | 4,968 | 6.8% | 1.6% | 2.2% | 5.2% |
| Atlantic | 1,252 | 12.1% | 8.8% | 1.0% | 3.1% |
| Pacific | 1,069 | 1.5% | (1.5%) | (1.9%) | 3.0% |
| Latin America | <u>860</u> | 3.4% | 5.1% | 2.9% | (1.6%) |
| International | 3,181 | 6.0% | 4.1% | 1.0% | 1.8% |
| Consolidated | <u>\$ 8,149</u> | 6.5% | 2.7% | 1.7% | 3.6% |
| Mainline | \$ 6,616 | 6.2% | 2.8% | 1.6% | 3.3% |
| Regional | <u>1,533</u> | 7.5% | 1.1% | 1.7% | 6.3% |
| Consolidated | <u>\$ 8,149</u> | | | | |

UNITED CONTINENTAL HOLDINGS, INC.
NOTES (UNAUDITED)

(C) Special charges and MTM gains on equity investments include the following:

| (In millions) | Three Months Ended March 31, | |
|--|---------------------------------|--------------|
| | 2018 | 2017 |
| Operating: | | |
| Severance and benefit costs | \$ 14 | \$ 37 |
| Impairment of assets | 23 | — |
| (Gains) losses on sale of assets and other special charges | 3 | 14 |
| Total special charges | 40 | 51 |
| Nonoperating MTM gains on equity investments | (45) | — |
| Total special charges and MTM gains on equity investments | (5) | 51 |
| Income tax benefit related to special charges | (9) | (18) |
| Income tax expense related to MTM gains on equity investments | 10 | — |
| Total special charges and MTM gains on equity investments, net of income taxes | <u>\$ (4)</u> | <u>\$ 33</u> |

Severance and benefit costs: During the three months ended March 31, 2018 and 2017, the company recorded \$8 million (\$7 million net of taxes) and \$21 million (\$14 million net of taxes), respectively, of severance and benefit costs primarily related to a voluntary early-out program for its technicians and related employees represented by the International Brotherhood of Teamsters. In the first quarter of 2017, approximately 1,000 technicians and related employees elected to voluntarily separate from the company and will receive a severance payment, with a maximum value of \$100,000 per participant, based on years of service, with retirement dates through early 2019. Also during the three months ended March 31, 2018 and 2017, the company recorded \$6 million (\$4 million net of taxes) and \$16 million (\$10 million net of taxes), respectively, of severance related to its management reorganization initiative.

Impairment of assets: During the three months ended March 31, 2018, the company recorded a \$23 million (\$17 million net of taxes) fair value adjustment for aircraft purchased off lease and impairments related to certain fleet types and certain international slots no longer in use.

MTM gains on equity investments: During the three months ended March 31, 2018, the company recorded a gain of \$45 million (\$35 million net of taxes) for the change in market value of its investment in Azul, S.A. For equity investments subject to MTM accounting, the company records gains and losses to Nonoperating income (expense): Miscellaneous, net in its statements of consolidated operations.

(D) Effective tax rate

The company's effective tax rate for the three months ended March 31, 2018 and 2017 was 20.3% and 33.6%, respectively. The effective tax rates represented a blend of federal, state and foreign taxes and included the impact of certain nondeductible items. The effective tax rate for the three months ended March 31, 2018 also reflects the reduced federal corporate income tax rate as a result of the enactment of the Tax Cuts and Jobs Act ("Tax Act") in December 2017 and the impact of a change in the mix of domestic and foreign earnings. We continue to analyze the different aspects of the Tax Act which could potentially affect the provisional estimates that were recorded at December 31, 2017.

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Investor Update

Issue Date: April 17, 2018

This investor update provides guidance and certain forward-looking statements about United Continental Holdings, Inc. (the “Company” or “UAL”). The information in this investor update contains the preliminary financial and operational outlook for the Company for second-quarter and full-year 2018.

| Second-Quarter and Full-Year 2018 Outlook (A) | Estimated 2Q 2018 | | | Estimated FY 2018 | | |
|---|--------------------------|---|---------|--------------------------|---|---------|
| Consolidated Capacity Year-Over-Year Change Higher/(Lower) | 4.0% | — | 5.0% | 4.5% | — | 5.5% |
| Pre-Tax Margin, as adjusted¹ (Non-GAAP) | 9.0% | — | 11.0% | | | |
| Revenue | | | | | | |
| Consolidated PRASM (¢/ASM) | 13.70 | — | 13.97 | | | |
| Year-Over-Year Change Higher/(Lower) | 1.0% | — | 3.0% | | | |
| Cargo and Other Revenue (\$M) | \$ 840 | — | \$ 940 | | | |
| Non-Fuel Operating Expense | | | | | | |
| Consolidated CASM Excluding Third-Party Business Expenses, Fuel & Profit Sharing ² (¢/ASM) (Non-GAAP) | 9.88 | — | 9.98 | 10.01 | — | 10.11 |
| Year-Over-Year Change Higher/(Lower) | 0.0% | — | 1.0% | (1.0%) | — | 0.0% |
| Third-Party Business Expenses ³ (\$M) | \$ 30 | — | \$ 40 | | | |
| Profit Sharing (\$M) | \$ 85 | — | \$ 115 | | | |
| Consolidated Fuel Expense | | | | | | |
| Fuel Consumption (Million Gallons) | 1,030 | — | 1,060 | | | |
| Consolidated Average Aircraft Fuel Price per Gallon ⁴ | \$ 2.18 | — | \$ 2.23 | | | |
| Non-Operating Expense, as adjusted⁵ (\$M) (Non-GAAP) | \$ 135 | — | \$ 165 | | | |
| Effective Income Tax Rate | 21% | — | 22% | 21% | — | 22% |
| Diluted Share Count⁶ (M) | | | | | | 277 |
| Earnings Per Share, as adjusted¹ (Non-GAAP) | | | | \$ 7.00 | — | \$ 8.50 |
| Adjusted Capital Expenditures⁷ (\$B) (Non-GAAP) | | | | \$ 3.6 | — | \$ 3.8 |

1. Excludes special charges and the mark-to-market impact of equity investments, the nature and amount of which are not determinable at this time. Accordingly, the Company is not providing earnings guidance on a GAAP basis
2. Excludes special charges, the nature and amount of which are not determinable at this time
3. Third-party business revenue associated with third-party business expense is recorded in other revenue
4. Fuel price including taxes and fees. This price per gallon corresponds to fuel expense as reported in the income statement
5. Excludes the mark-to-market impact of equity investments, the amount of which is not determinable at this time. Accordingly, the Company is not providing non-operating expense guidance on a GAAP basis.
6. Does not include an assumption related to future share repurchases. Diluted share count is approximately equal to basic share count
7. Excludes non-cash capital expenditures and fully reimbursable projects, the amount and timing of which are not determinable at this time. Accordingly, the Company is not providing capital expenditure guidance on a GAAP basis.

(more)

Profit Sharing: Based on profit sharing plans in current labor agreements, the Company expects to pay:

- Approximately 7.5% of total adjusted earnings up to a 6.9% adjusted pre-tax margin
- Approximately 13.2% for any adjusted earnings above a 6.9% adjusted pre-tax margin
- Approximately 1.7% for any adjusted earnings above the prior year's adjusted pre-tax earnings

Adjusted earnings for the purposes of profit sharing are calculated as GAAP pre-tax earnings, excluding special charges, profit sharing expense and share-based compensation program expense. The Company estimates that share-based compensation expense for the purposes of the profit sharing calculation will be approximately \$36 million through the second quarter of 2018.

Taxes: The Company now expects a tax rate of approximately 21% to 22% for the full year of 2018. The Company's net operating loss carryforwards are expected to offset taxable income and no material cash taxes are expected to be paid in 2018.

Second-Quarter Capacity

| Capacity (Million ASMs) | Estimated 2Q 2018 Year-Over-Year % Change Higher/(Lower) | | |
|------------------------------------|--|----------|-------------|
| | | | |
| Domestic | 6.5% | — | 7.5% |
| International | 1.0% | — | 2.0% |
| Total Consolidated Capacity | 4.0% | — | 5.0% |

Fleet Plan

As of April 17, 2018, the Company's fleet plan was as follows:

| | YE 2017 | YE 2018 | FY Δ |
|--------------------------------|------------|------------|-----------|
| B777-200/300 | 88 | 92 | 4 |
| B787-8/9/10 | 33 | 40 | 7 |
| B767-300/400 | 51 | 54 | 3 |
| B757-200/300 | 77 | 77 | — |
| B737 MAX 9 | — | 10 | 10 |
| B737-700/800/900 | 329 | 329 | — |
| A319/A320 | 166 | 166 | — |
| Total Mainline Aircraft | 744 | 768 | 24 |
| | YE 2017 | YE 2018 | FY Δ |
| Q200 | 7 | — | (7) |
| Embraer ERJ 135 | 3 | — | (3) |
| Embraer ERJ 145 | 168 | 177 | 9 |
| CRJ200 | 85 | 122 | 37 |
| CRJ700 | 65 | 64 | (1) |
| Embraer 170 | 38 | 38 | — |
| Embraer E175 | 152 | 153 | 1 |
| Total Regional Aircraft | 518 | 554 | 36 |

(more)

For further questions, contact Investor Relations at (872) 825-8610 or investorrelations@united.com.

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