

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): October 19, 2017

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 7.01 Regulation FD Disclosure.**

On October 19, 2017, Oscar Munoz, Chief Executive Officer, J. Scott Kirby, President and Andrew C. Levy, Executive Vice President and Chief Financial Officer, of United Continental Holdings, Inc. (the "Company"), the holding company whose primary subsidiary is United Airlines, Inc., will speak at the Company's call related to its third quarter 2017 financial results and financial and operational outlook for fourth quarter and full year 2017. Attached hereto as Exhibit 99.1 are slides that will be presented at that time.

The information in this Item 7.01, 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, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">United Continental Holdings, Inc. slide presentation delivered on October 19, 2017</a>

**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: October 19, 2017

# 3Q 2017 Earnings Call

October 19, 2017



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# Safe Harbor Statement

Certain statements included in this presentation are forward-looking and thus reflect our current expectations and beliefs with respect to future events and anticipated financial and operating performance. Such forward-looking statements are and will be subject to many risks relating to our operations and business environment that may cause actual results to differ materially from any future results expressed or forward-looking statements. Words such as “expects,” “will,” “plans,” “anticipates,” “indicates,” “believes,” “forecast,” “guidance,” “outlook” and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements that contrast historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements are based upon information available to us on the date of this presentation. 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. Actual results could differ materially from these forward-looking statements due to numerous factors including, without limitation, the following: our ability to complete the terms of our various financing arrangements; the costs and availability of financing; our ability to maintain adequate liquidity; our ability to execute our operational plans and revenue-generating initiatives, including optimizing our revenue; our ability to control our costs, including realizing our resource optimization efforts, cost reduction initiatives and fleet replacement programs; costs associated with any modification or termination of orders; our ability to utilize our net operating losses; our ability to attract and retain customers; potential reputational or other impact from our operations; demand for transportation in the markets in which we operate; an outbreak of a disease that affects travel demand or travel for travel and the impact that global economic and political conditions have on customer travel patterns; excessive taxation and the inability to pay taxable income; general economic conditions (including interest rates, foreign currency exchange rates, investment or credit market conditions, prices, costs of aircraft fuel and energy refining capacity in relevant markets); economic and political instability and other risks of doing business; 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 gain from fuel or currency hedging programs; the effects of any hostilities, act of war or terrorist attack; the ability of other air carriers with whom we have partnerships to provide the services contemplated by the respective arrangements with such carriers; the effects of any technology failure or breaches; disruptions to our regional network; the costs and availability of aviation and other insurance; industry consolidation or change in the success of our investments in airlines in other parts of the world; competitive pressures on pricing and on demand; our capacity decisions and the decisions of our competitors; U.S. or foreign governmental legislation, regulation and other actions (including Open Skies agreements and other regulations); the impact of regulatory, investigative and legal proceedings and legal compliance risks; the impact of any management changes; our ability to maintain satisfactory labor relations and the results of any collective bargaining agreement process with our union groups; any disruptions to our operations due to any potential actions by our labor groups; weather conditions; and other risks and uncertainties set forth under Part I, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as other risks and uncertainties set forth in the reports we file with the U.S. Securities and Exchange Commission.

# Opening Remarks

Oscar Munoz  
Chief Executive Officer



# Challenging environment in the third quarter

## Earnings Per Share



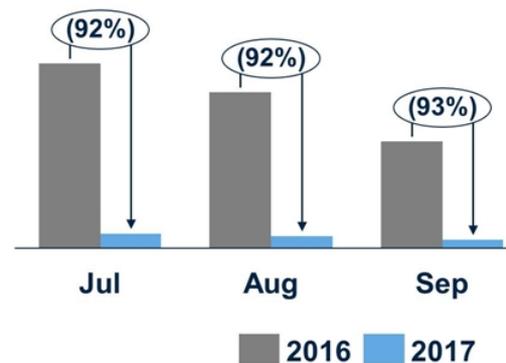
- Reported pre-tax earnings of approximately \$1.0B with a pre-tax margin of 9.9% and 10.4% excluding special charges
- Repurchased \$556M of shares in the third quarter at an average price of \$67.08 per share
- Employees delivered record setting performance despite storms

Note: For a GAAP to non-GAAP reconciliation, see Appendix A

## Customer service initiatives gaining traction

- Continue to improve mobile tools for employees, such as the “in the moment” care app
- Rolled out a new Customer Solutions Desk – open 24/7, 365 days a year
- Involuntary denied boardings are down 92% year-over-year in the third-quarter
- 28 days of zero involuntary denied boardings in the quarter

### Involuntary Denied Boardings



# Revenue and Operations Update

Scott Kirby  
President



# Expect fourth-quarter unit revenue to be down (1.0%) to (3.0%)

	<u>% ASMs<sup>1</sup></u>	<u>3Q17 YOY PRASM H/(L)</u>	<u>N</u>
<b>Domestic</b>	55%	(4.4%)	Headwinds: Economy re pr
<b>Atlantic</b>	18%	(0.4%)	In
<b>Pacific</b>	17%	(10.4%)	Weakness Kong
<b>Latin</b>	10%	3.5%	Continu
<b>Consolidated</b>		<b>(3.7%)</b>	<b>Storm</b> 1

<sup>1</sup> Based on capacity from 4Q16-3Q17

## 2017 has been an eventful year at United

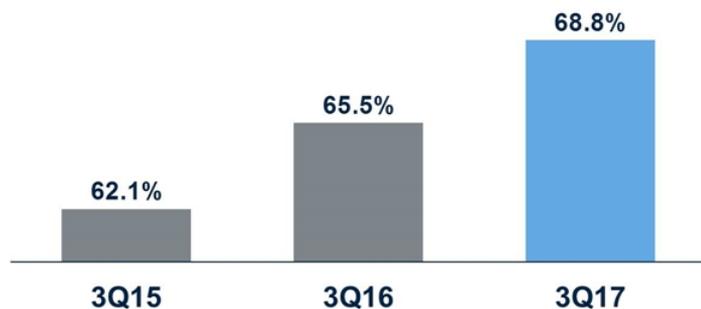
We have been focused on:

- Running a great operation
- Improving the culture for employees and focusing on the customer
- Rebuilding our network profitably
- Executing on 2016 Investor Day initiatives

**Improving profitability at United remains our top financial objective**

# United is running an outstanding operation despite weather-related c

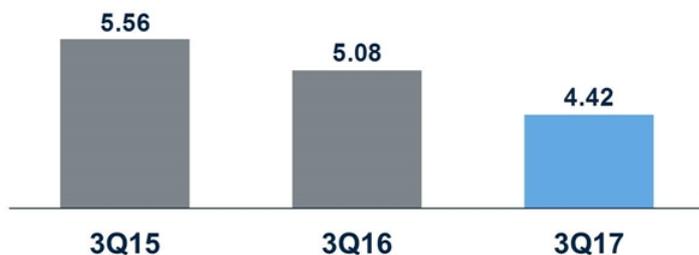
**D:00<sup>1</sup>**



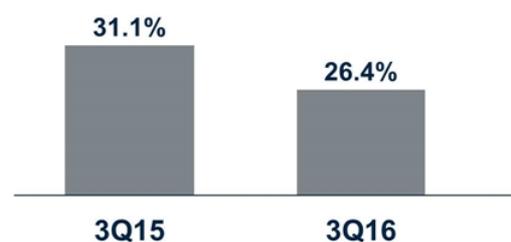
**3Q17 D:00<sup>1</sup>**



**Mishandled bag ratio<sup>2</sup>**



**Controllable delays<sup>3</sup>**



<sup>1</sup> Consolidated system flights

<sup>2</sup> As reported to the Department of Transportation

<sup>3</sup> Controllable delays as a percentage of total delays; include everything except delays attributed towards weather or Air Traffic Control challenges

## Investor Day initiatives generally performing as expected

- All earnings initiatives are performing largely on plan, with the exception of segments
- Early stages on revenue management improvements
- Network initiatives are ongoing with rebanking starting later this month
- 2017 costs have been challenged by higher labor rates and higher fuel prices
- Headwinds
  - ULCC competitive pricing, 3Q storms, softer demand in China/Hong Kong and the impact from geopolitical tension on Guam demand have all pressured second half unit revenue

# Financial Update

Andrew Levy

Executive Vice President and  
Chief Financial Officer

UNITED 

## 3Q17 GAAP earnings per share, diluted of \$2.12

\$M	3Q17	3Q16	H/(L)
Total revenue	\$9,878	\$9,913	(0.4%)
Fuel expense	\$1,809	\$1,603	12.9%
Non-fuel expense <sup>1</sup>	<u>\$7,089</u>	<u>\$6,800</u>	<u>4.3%</u>
Pre-tax earnings	\$980	\$1,510	(35.1%)
Net income	\$637	\$965	(34.0%)
Earnings per share, diluted	\$2.12	\$3.01	(29.6%)
<i>Weighted average shares, diluted</i>	301	321	(6.2%)
Pre-tax margin	9.9%	15.2%	(5.3) pts.

<sup>1</sup> Includes non-fuel operating expense and non-operating expense.

## 3Q17 non-GAAP earnings per share, diluted of \$2.22

\$M	3Q17	3Q16	H/(L)
Total revenue	\$9,878	\$9,913	(0.4%)
Fuel expense	\$1,809	\$1,603	12.9%
Non-fuel expense <sup>1,2</sup>	<u>\$7,039</u>	<u>\$6,752</u>	<u>4.3%</u>
Pre-tax earnings <sup>2</sup>	\$1,030	\$1,558	(33.9%)
Net income <sup>2</sup>	\$669	\$997	(32.9%)
Earnings per share, diluted <sup>2</sup>	\$2.22	\$3.11	(28.6%)
<i>Weighted average shares, diluted</i>	301	321	(6.2%)
Pre-tax margin <sup>2</sup>	10.4%	15.7%	(5.3) pts

Note: For a GAAP to non-GAAP reconciliation, see Appendix A

<sup>1</sup> Includes non-fuel operating expense and non-operating expense

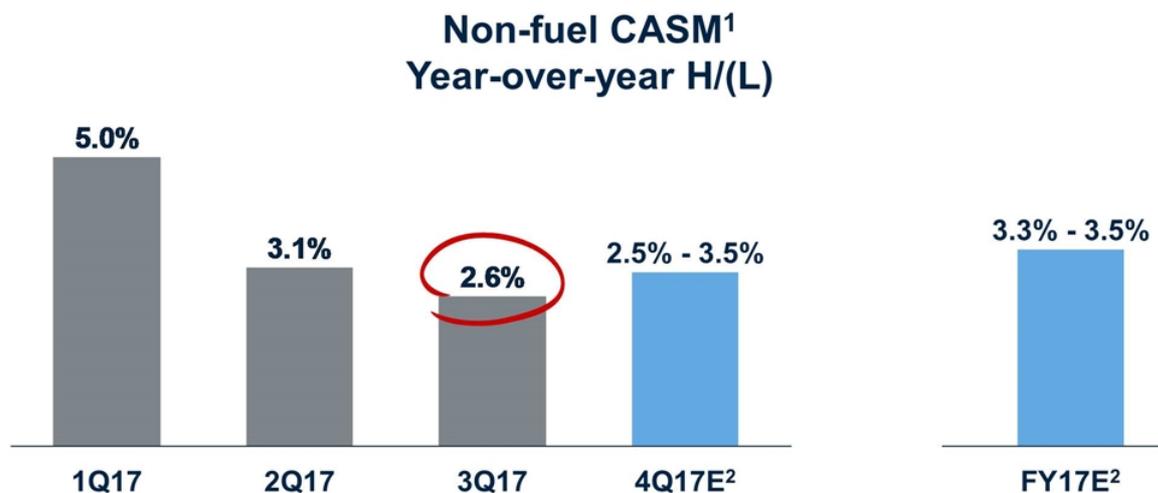
<sup>2</sup> Excludes special charges

# Total CASM was up 3.0% in the third-quarter



<sup>1</sup> While the Company anticipates that it will record special charges throughout the year, at this time the Company is unable to provide an estimate of these charges with GAAP to non-GAAP reconciliation, see Appendix A

# Non-fuel unit cost was up 2.6% in the third-quarter



**Full-year non-fuel CASM<sup>1,2</sup> guidance is now expected to be 3.3% - 3.5%**

<sup>1</sup> Non-fuel CASM (operating expense per available seat mile) excludes fuel, profit sharing, third-party business expenses and special charges

<sup>2</sup> While the Company anticipates that it will record special charges throughout the year, at this time the Company is unable to provide an estimate of these charges, as year profit sharing, with reasonable certainty. For a GAAP to non-GAAP reconciliation, see Appendix A

## Balance sheet and liquidity update

- Ended the third quarter with \$6.3B in unrestricted liquidity, including \$2B untapped
- Comfortably in excess of our target liquidity range of \$5B - \$6B
- Raised \$400M of unsecured debt at an interest rate of 4.25% during the quarter
- Contributed \$160M to our pension in the quarter, completing our \$400M target for the

**Maintaining a strong balance sheet remains a priority**

# Capital allocation, capex, and fleet update

## Share Repurchases

- Repurchased \$556M in 3Q at an average of \$67.08 per share
- Repurchased \$1.3B YTD, a ~6% reduction in shares outstanding
- Repurchased \$5.4B since program inception, a ~26% reduction in shares outstanding
- \$553M in authority remaining

## Capex & Fleet

- Continue to expect 2017 capex of \$4
- Modified Airbus A350 order
  - Deferred delivery by four years to 2
  - Changed model type to A350-900
  - Increased order size from 35 to 45
- Adding two additional used Airbus A3

# Guidance Summary

	4Q17	FY17
<b>Capacity</b>	~3.5%	~3.5%
<b>PRASM</b>	(1.0%) – (3.0%)	
<b>CASM ex<sup>1,2</sup></b>	2.5% - 3.5%	3.3% - 3.5%
<b>Fuel price<sup>3</sup></b>	\$1.80 - \$1.85	
<b>Pre-tax margin<sup>1</sup></b>	3.0% - 5.0%	
<b>Capex<sup>4</sup></b>	\$0.9B - \$1.1B	\$4.6B - \$4.8B

<sup>1</sup> Excludes special charges, the nature and amount of which are not determinable at this time

<sup>2</sup> Excludes fuel, profit sharing, and third-party business expenses. Third-party business revenue associated with third-party business expenses is recorded in other revenue

<sup>3</sup> Fuel price including taxes and fees and this price per gallon corresponds to fuel expense as reported in the income statement

<sup>4</sup> Capital expenditures include net purchase deposits and are further adjusted to include assets acquired through the issuance of debt and capital leases and airport construction excluding fully reimbursable capital projects. The Company believes this is useful to investors in order to appropriately reflect the non-reimbursable funds spent on capital expenditures

# Closing Remarks

Oscar Munoz  
Chief Executive Officer

UNITED 

# Question & Answer Session

**UNITED**



# Appendix A: reconciliation of GAAP to Non-GAAP financial measures

UAL evaluates its financial performance utilizing various accounting principles generally accepted in the United States of America (GAAP) and Non-GAAP financial measures (loss) before taxes excluding special charges, pre-tax margin excluding special charges, net income (loss) excluding special charges, net earnings (loss) per share excluding CASM, as adjusted, among others. UAL believes that adjusting for special charges is useful to investors because special charges are non-recurring charges not indicative of performance. For additional information related to special charges, see the press release issued by UAL dated October 18, 2017, filed on that date with the SEC as an exhibit

<i>(in millions, except pre-tax margin and per share data)</i>	Three Months Ended	
	September 30,	
<b>Income before income taxes excluding special charges</b>	<b>2017</b>	<b>2016</b>
Income before income taxes	\$980	\$1,510
Less: special charges and hedge adjustments before income taxes	50	48
Income before income taxes excluding special charges and reflecting hedge adjustments (Non-GAAP)	<u>\$1,030</u>	<u>\$1,558</u>
<b>Pre-tax margin excluding special charges</b>		
Total operating revenue	\$9,878	\$9,913
Pre-tax margin	9.9%	15.2%
Pre-tax margin excluding special charges and reflecting hedge adjustments (Non-GAAP)	10.4%	15.7%
<b>Net income, excluding special charges</b>		
Net income	\$637	\$965
Less: special charges and hedge adjustments before income taxes	50	48
Less: tax effect related to special charges and hedge adjustments	(18)	(16)
Net income, excluding special charges and reflecting hedge adjustments (Non-GAAP)	<u>\$669</u>	<u>\$997</u>
Diluted earnings per share	\$2.12	\$3.01
Less: special charges and hedge adjustments	0.16	0.15
Less: tax effect related to special charges and hedge adjustments	(0.06)	(0.05)
Diluted earnings per share, excluding special charges and reflecting hedge adjustments (Non-GAAP)	<u>\$2.22</u>	<u>\$3.11</u>
Weighted average shares, diluted	301	321

# Appendix A: reconciliation of GAAP to Non-GAAP financial measures (con

UAL also presented non-fuel expense excluding special charges. UAL believes that adjusting for special charges is useful to investors because special charges are non-recur-  
indicative of UAL's ongoing performance.

<i>(in millions)</i>	Three Months Ended	
	September 30,	
<b>Non-Fuel Expense</b>	<b>2017</b>	<b>2016</b>
Total operating expense	\$8,786	\$8,289
Less: Aircraft fuel	(1,809)	(1,603)
Add: Total nonoperating expense	112	114
Non-fuel expense	7,089	6,800
Less: Special charges	(50)	(48)
Non-Fuel Expense excluding special charges (Non-GAAP)	\$7,039	\$6,752

# Appendix A: reconciliation of GAAP to Non-GAAP financial measures (con

Cost per available seat mile (CASM) is a common metric used in the airline industry to measure an airline's cost structure and efficiency. UAL reports CASM excluding profit business expenses, fuel, and special charges. UAL believes that adjusting for special charges is useful to investors because special charges are non-recurring charges not i ongoing performance. UAL believes that excluding third-party business expenses, such as maintenance, ground handling and catering services for third parties, fuel sales a redemptions, provides more meaningful disclosure because these expenses are not directly related to UAL's core business. UAL also believes that excluding fuel costs from 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 lim excludes profit sharing because this exclusion allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparis costs to the airline industry.

	Three Months Ended			Three Months Ended			Three Months Ended		
	September 30,		%	June 30,		%	March 31,		%
Non-Fuel CASM Consolidated (¢/ASM)	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)	2017	2016	Incre
Cost per available seat mile (CASM)	12.54	12.18	3.0	12.75	12.88	(1.0)	13.61	12.95	5.
Less: Special charges (a)	0.07	0.07	NM	0.07	0.67	NM	0.08	0.33	NI
Less: Third-party business expenses	0.09	0.09	-	0.11	0.09	22.2	0.12	0.11	9.
Less: Fuel expense	2.58	2.35	9.8	2.47	2.22	11.3	2.60	2.09	24
CASM, excluding special charges, third-party business expenses and fuel (Non-GAAP)	9.80	9.67	1.3	10.10	9.90	2.0	10.81	10.42	3.
Less: Profit sharing per available seat mile	0.19	0.30	(36.7)	0.23	0.33	(30.3)	0.04	0.16	(75
CASM, excluding special charges, third-party business expenses, fuel, and profit sharing (Non-GAAP)	9.61	9.37	2.6	9.87	9.57	3.1	10.77	10.26	5.

#### Consolidated Unit Cost (¢/ASM)

	Estimated 4Q 2017		Estimated FY 2017	
Consolidated CASM Excluding Special Charges (b)	13.21	- 13.49	12.94	- 13.01
Less: Fuel (c), Profit Sharing and Third-Party Business Expense	2.83	- 3.01	2.81	- 2.86
Consolidated CASM Excluding Fuel, Profit Sharing, Third-Party Business Expense and Special Charges	10.38	- 10.48	10.13	- 10.15

(a) Excludes special charges, such as the impact of certain primarily non-cash impairment, severance and other similar accounting charges.

(b) Excludes special charges. While the Company anticipates that it will record such special charges throughout the year, at this time the Company is unable to provide an estimate of these charges with rea

(c) Both the cost and availability of fuel are subject to many economic and political factors and are therefore beyond the Company's control.