

J.P. Morgan Global High Yield & Leveraged Finance Conference

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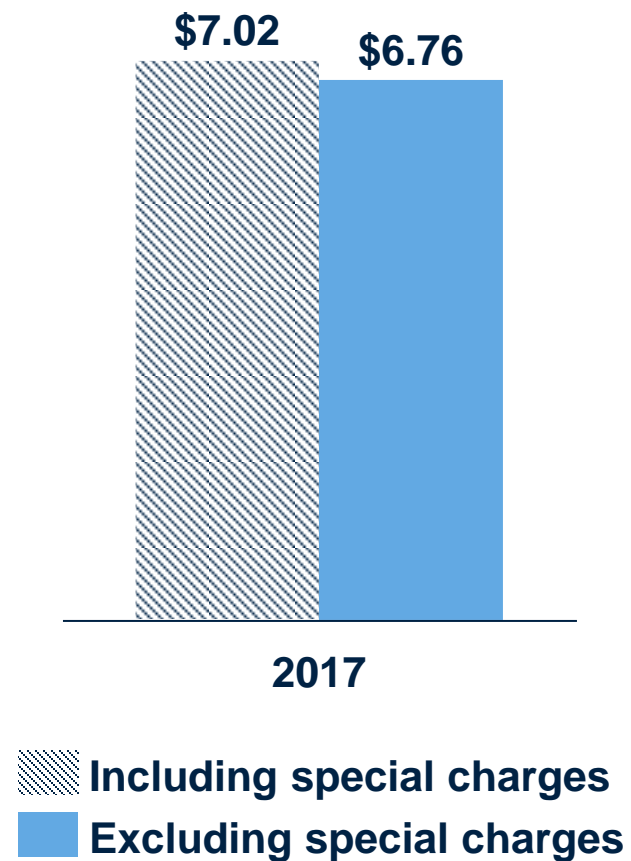


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Certain statements included in this presentation are forward-looking and thus reflect our current expectations and beliefs with respect to certain current and future events and anticipated financial and operating performance. Such forward-looking statements 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 presentation 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. 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; 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.

Set strong foundation in 2017

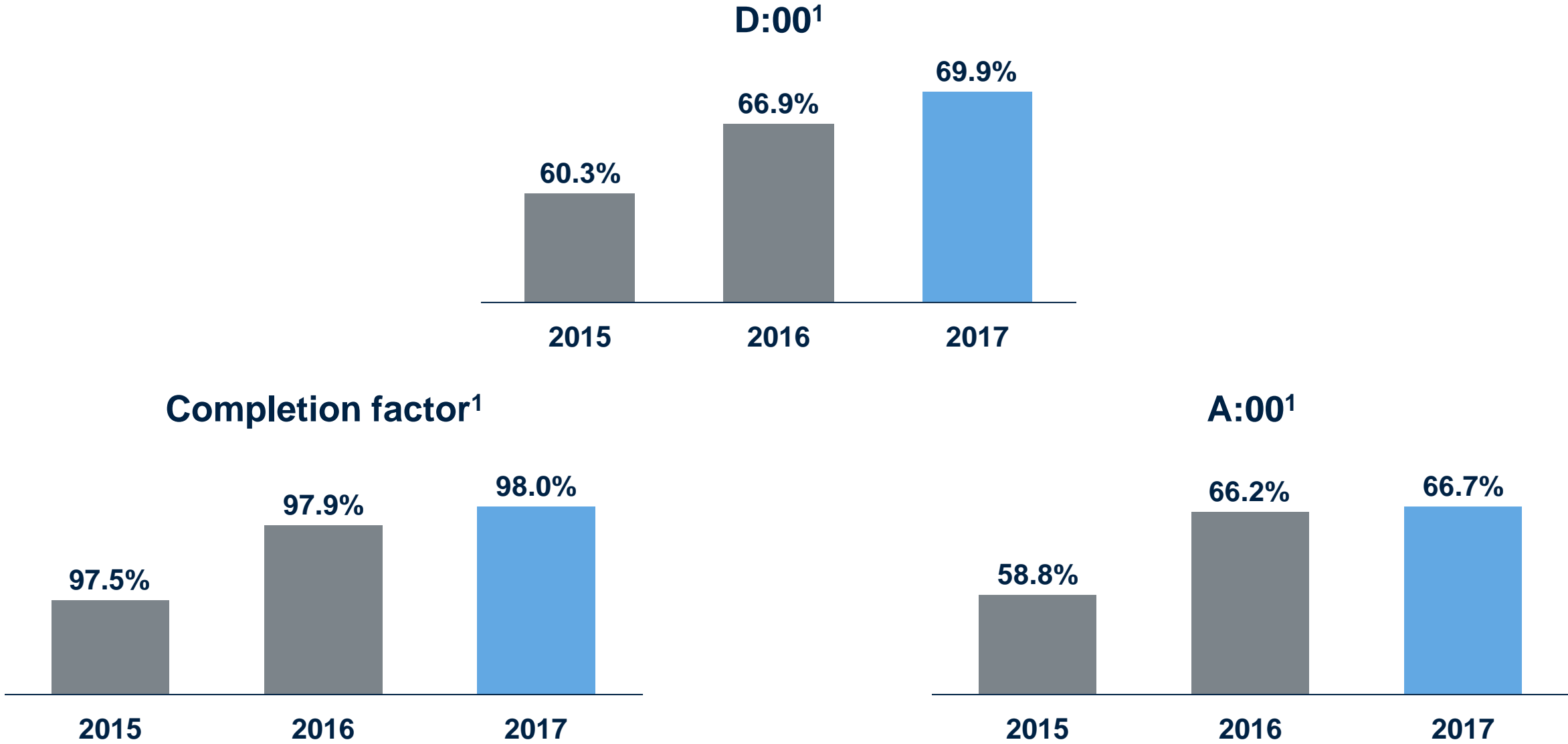
Earnings per share, diluted¹



- Rebanked Houston and expanded hub connectivity
- Positive momentum in all regions going into 2018
- Strong relative non-fuel CASM
- Record breaking operational performance

¹ For a GAAP to non-GAAP reconciliation, see Appendix A

2017 had the best operational performance in United history



¹ Includes both mainline and regional operation
Note: History as defined by time since the merger of United and Continental in October 2010

2018 Outlook

2018 priorities – continued top-tier operational reliability is the foundation

- **Strengthening our domestic network through growth**
- **Driving efficiency and productivity**
- **Continue investing in people, product and technology**

Our strategy drives sustainably higher profits and margins

Network strategy – outlook

Network is our foundation

- Our network has tremendous potential – capitalizing on our strengths and improving our hub quality
- Other commercial elements require a strong network to succeed
- Overall strategy returns United to profitable growth

Leverage our strengths

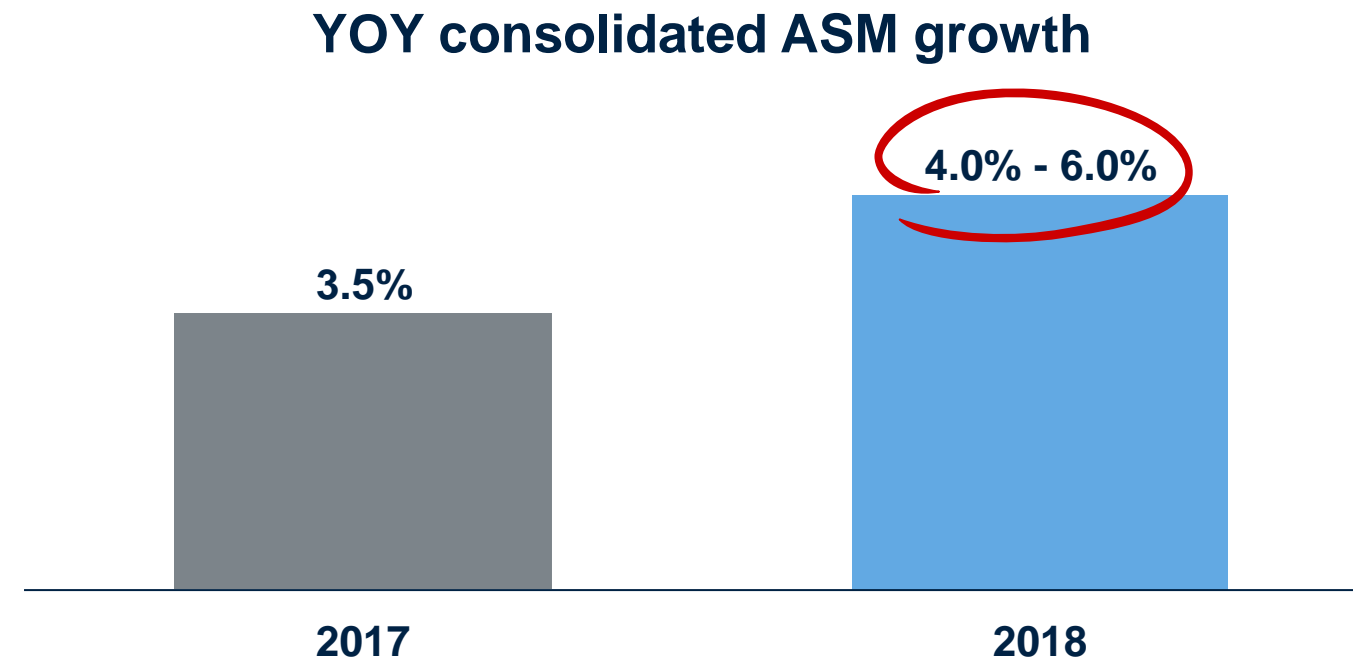
- Our international gateways are a structural advantage that we will continue to grow and enhance
- Enhance and improve our alliances and JVs
- Geographic position of our hubs

“Uniquely United” opportunities

- Grow our domestic network to strengthen our mid-continent hubs
- Greater scale at our hubs reinforces our relevance and value proposition to customers
- Continue to improve connectivity at our hubs

Overall, expect 2018 capacity growth of 4.0% - 6.0%

- Expected highest level of growth in domestic region in order to improve connectivity and regain relevance
- **Anticipate similar growth rate in 2019 – 2020**



Our strategy drives sustainably higher profits and margins

Improving profitability while growing the network

Focus on CASM

- Improve efficiency and productivity
- Provide long-term CASM-ex¹ guidance

Accountable for higher profitability

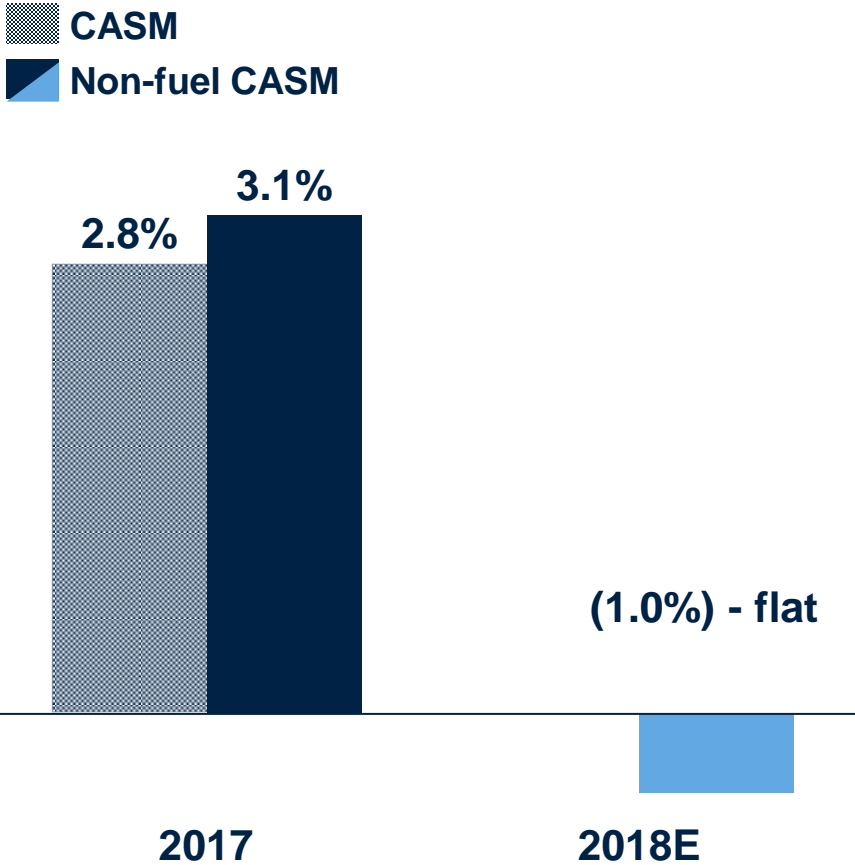
- Introduce 2018 EPS guidance
- Introduce 2020 EPS target

A strong balance sheet is the foundation – maintaining \$5B - \$6B of liquidity

¹ Non-fuel CASM (operating expense per available seat mile) excludes fuel, profit sharing, third-party business expenses and special charges, the nature and amount of which are not determinable at this time

Non-fuel CASM growth meaningfully lower in 2018 and beyond

CASM and non-fuel CASM¹
H/(L) YOY



Headwinds

- Increased regional flying ~0.5 point 2018 headwind
- Labor rate inflation
- Airport costs
- Technology investments

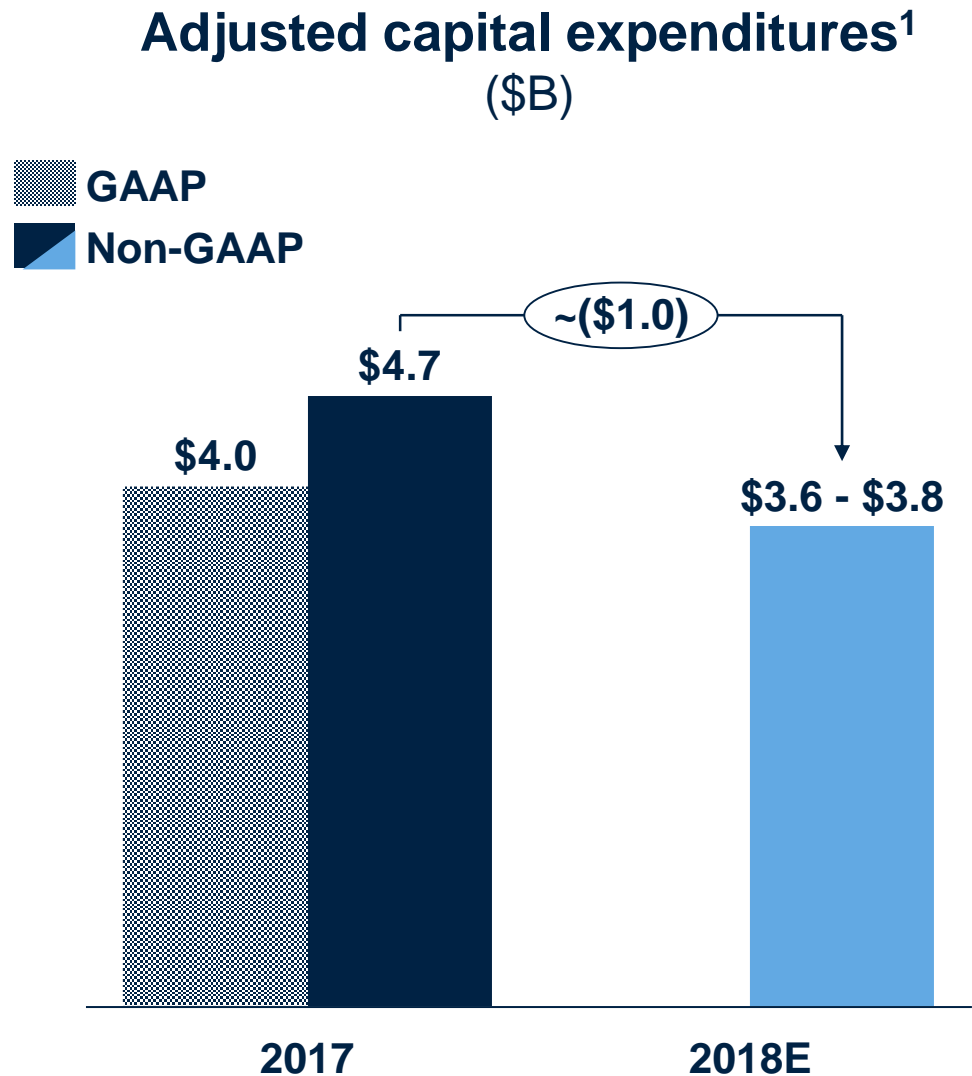
Tailwinds

- Improved asset utilization
- Higher employee productivity
- Aircraft lease to own
- Increased operational efficiency given improved reliability

Expect 2019 and 2020 non-fuel CASM to be flat or better

¹ For a GAAP to non-GAAP reconciliation, see Appendix A

Capital expenditures in 2018 expected to be \$3.6B - \$3.8B

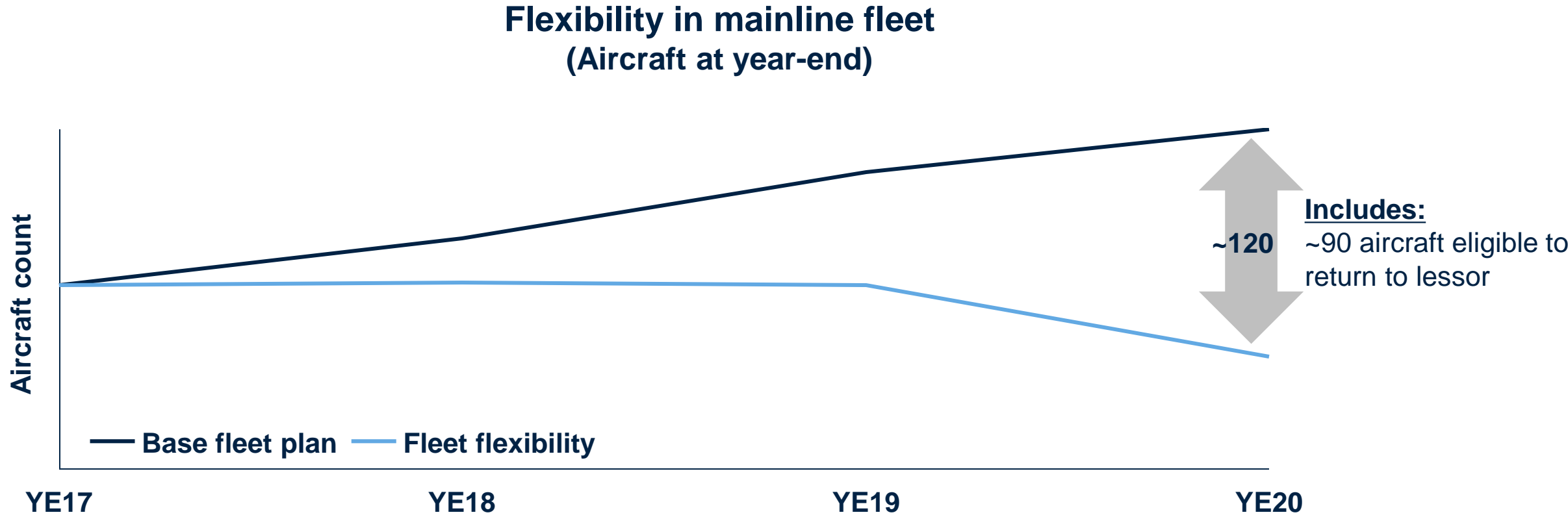


- 24 scheduled aircraft deliveries in 2018
- Opportunistic purchases of aircraft off-lease
- Continue to invest in product, technology and infrastructure
- 2019/2020 capex expected to be higher than 2018, but below 2017

¹ For a GAAP to non-GAAP reconciliation, see Appendix A; 2017 GAAP capital expenditures were \$4.0B

Fleet Update

Fleet plan provides flexibility in an economic downturn




Levers to manage fleet through 2020



Used aircraft are a lower risk and higher return way of supplementing growth

- We can own two used A319 aircraft for less than what it costs to own one MAX 9 or MAX 10
 - Lower risk profile
 - Higher return on investment

		Ownership¹ 18yr NPV	Contribution¹ 18yr NPV	IRR
	One 737 MAX 9	~\$48M	~\$28M	11%
VS.				
	Two used A319s²	~\$35M	~\$44M	21%
H/(L)		~(\$13M)	~\$16M	~10pts

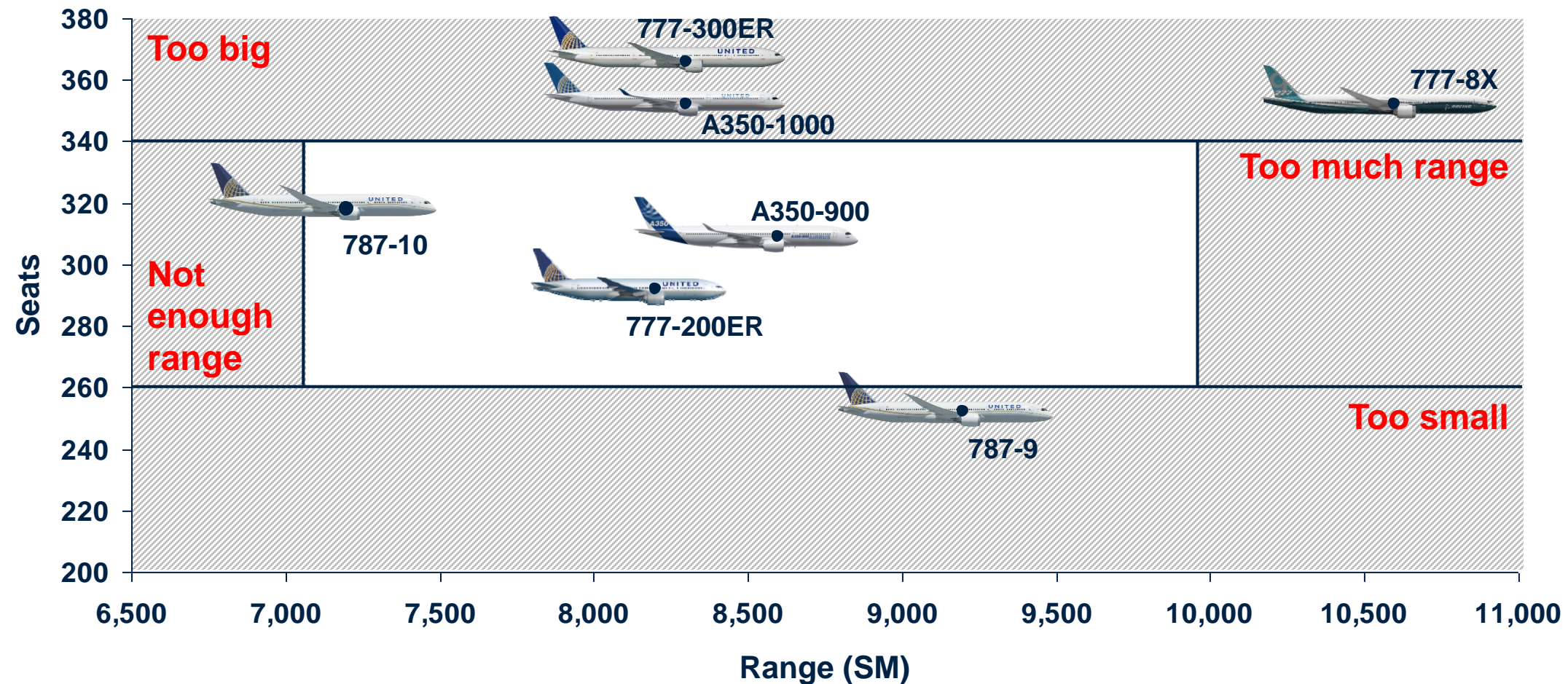
¹ Acquisition costs are based on public market data and do not represent the company's actual costs

² Assumes two half-time aircraft

Airbus A350 order: turning questions into answers

- As of the start of 2017, United had an order for 35 A350-1000 aircraft
- This order was originally intended to replace the aging 747 fleet
- First delivery had already been rescheduled once, from 2016 to 2018
- In 2015, United ordered 777-300ER's as the 747-400 replacement
 - 777-300ER would deliver sooner than the A350-1000
 - As a large 777-200ER operator, United was familiar with 777 capabilities
 - 777-300ER offered attractive economics
- Having found a 747-400 replacement, the question became: what to do with the A350-1000 order?

Replacing the Boeing 777-200ER: two potential solutions



The A350-900 & 787-10 provide a solid tag-team 777-200ER replacement solution:

- In terms of seat capacity, the A350-900 and 787-10 emerged as contenders
- 787-10 will sufficiently cover markets below 7,200sm while A350-900 will cover longer-range markets
- Existing order for 35x A350-1000's was used to fulfill this replacement need

Airbus A350 order amendment – September 2017



Modifications to the Airbus A350 order:

- Converted from the A350-1000 to the A350-900 to fulfill 777-200ER replacement needs
- Increased the number of aircraft from 35 to 45 and retained flexibility to respond to changing market forces
- Deferred entry into service from 2018 to 2022 – 4 year deferral aligns with ~25 year fleet age target
- Improved overall economics of the aircraft & engines to be competitive on both short and long haul routes

Boeing 737 MAX 10 order – June 2017

- United placed original order for 100 737 MAX 9 aircraft in 2012
 - Order for 65 737-700 in 2016 would eventually be converted to 61 737 MAX 9 + 4 737-800
- At the time of the order, the MAX 9 was the largest family variant at 179-seats in United's configuration
- In 2016, United teamed up with Boeing on the development of a stretched version of the MAX 9
 - Initial concerns around takeoff performance, landing approach speeds, and range detriments
- Boeing launched the MAX 10 in 2017, and United became a launch customer by converting 100 MAX 9
- The MAX 10 achieves superior economics over the MAX 9
 - The MAX 10 will have ~10 more seats, reducing unit costs and increasing revenue opportunities
 - The MAX 10 will have similar takeoff performance, with only ~300 nm less range

Other anticipated upcoming fleet replacement decisions in near future

Fleet to replace

- 757-200/300



- 767-300ER



- A319/A320



- 737-700 / 737-800



Replacement options

- 737 MAX 10
- A321neo
- New Boeing product (?)
- 787-8
- A330-800neo
- Used A319 / A320
- A319neo / A320neo
- Used 737-700 / 737-800
- 737 MAX 7 / MAX 8
- E190 / 195 E2
- CS100 / CS300

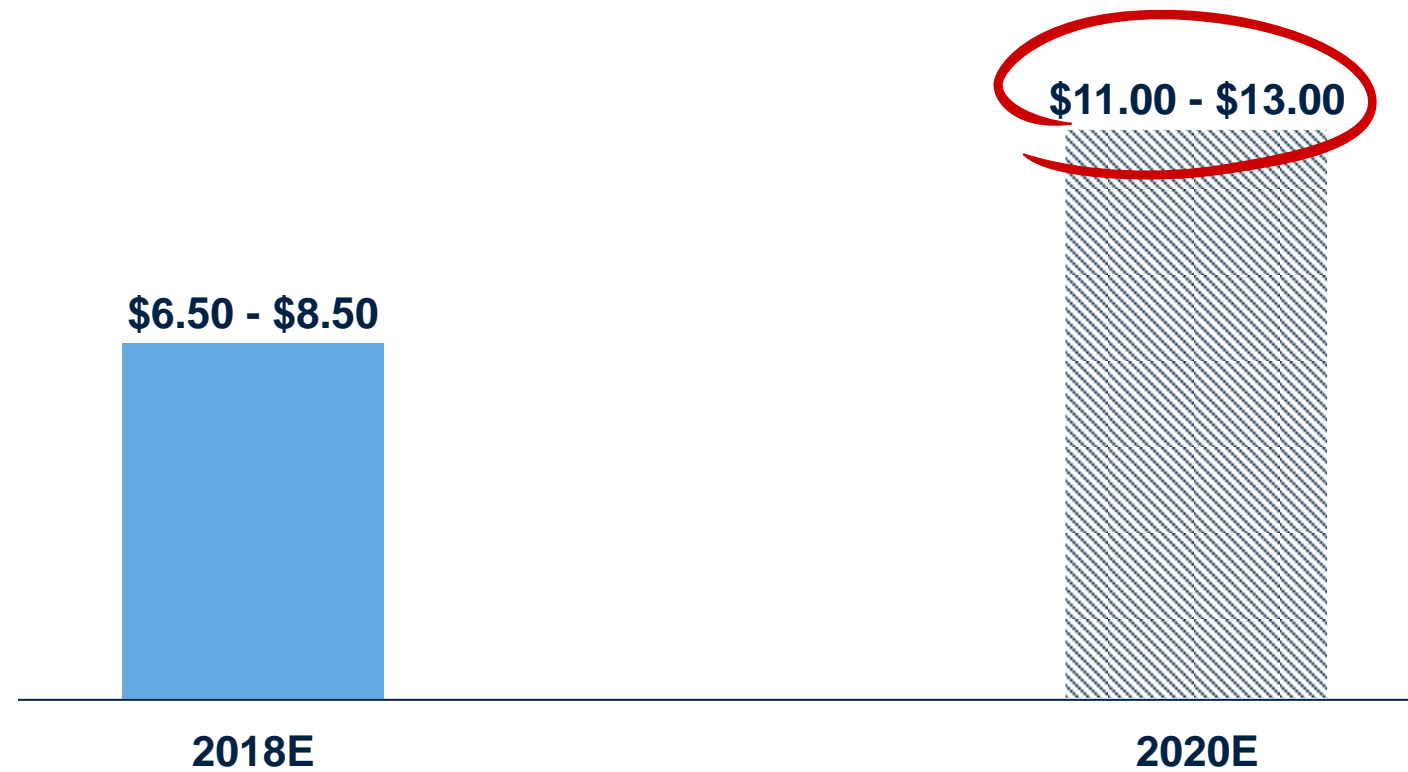
Near
term
target

Mid-long
term
target

Closing

Reaching financial targets will guide our long term network strategy

Target earnings per share, diluted²



Target ~25% CAGR¹ EPS from 2018 through 2020

¹Compound annual growth rate

²Excludes special charges, the nature of which are not determinable at this time. Accordingly, the company is not providing earnings guidance on a GAAP basis

Note: 2018 EPS estimates based on fuel forward curve as of January 18, 2018, with all-in fuel price of \$2.11/gallon for 2018 and includes share repurchase; 2020 EPS estimate based January 18, 2018 forward curve, with all-in fuel price of \$1.94/gallon for 2020 and includes share repurchase

Closing

- **Strengthening our hubs is a critical foundation to maximize profitability**
- **Driving revenue improvements from all areas of business**
- **Improving efficiency and productivity**
- **Greater accountability and transparency**
 - **Moving to annual guidance with 2018 EPS range**
 - **Providing multi-year network growth strategy, underpinned by commitments on long-term costs and 2020 EPS target**

Our strategy drives sustainably higher profits and margins

UNITED



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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 including net earnings (loss) per share excluding special charges. UAL believes that adjusting for special charges is useful to investors because special charges are non-recurring charges not indicative of UAL's ongoing performance. For additional information related to special charges, see the press release issued by UAL dated January 23, 2018, filed on that date with the SEC as Exhibit 99.1 to UAL's Form 8-K.

	<u>Year Ended December 31,</u> <u>2017</u>
Earnings per share, excluding special charges	
Diluted earnings per share	\$7.02
Less: special charges and hedge adjustments	0.58
Less: tax effect related to special charges and hedge adjustments	<u>(0.84)</u>
Diluted earnings per share, excluding special charges and reflecting hedge adjustments (Non-GAAP)	<u>\$6.76</u>

Appendix A: reconciliation of GAAP to Non-GAAP financial measures (continued)

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 sharing, third-party 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 indicative of UAL's ongoing performance. UAL believes that excluding third-party business expenses, such as maintenance, ground handling and catering services for third parties, fuel sales and non-air mileage 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 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 recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.

	Year Ended		% Increase/ (Decrease)
	December 31		
	2017	2016	
Non-Fuel CASM Consolidated (ϕ /ASM)			
Cost per available seat mile (CASM)	13.05	12.70	2.8
Less: Special charges (a)	0.07	0.25	NM
Less: Third-party business expenses	0.10	0.10	-
Less: Fuel expense	2.64	2.29	15.3
CASM, excluding special charges, third-party business expenses and fuel (Non-GAAP)	10.24	10.06	1.8
Less: Profit sharing per available seat mile	0.13	0.25	(48.0)
CASM, excluding special charges, third-party business expenses, fuel, and profit sharing (Non-GAAP)	10.11	9.81	3.1

	<u>FY 2017</u>	<u>Estimated FY 2018</u>
Consolidated Unit Cost (ϕ /ASM)		
Consolidated CASM Excluding Special Charges (b)	12.98	13.15 - 13.37
Less: Fuel (c), Profit Sharing and Third-Party Business Expense	2.87	3.14 - 3.26
Consolidated CASM Excluding Fuel, Profit Sharing, Third-Party Business Expense and Special Charges	10.11	10.01 - 10.11

(a) For additional information related to special charges, see the press release issued by UAL dated January 23, 2018, filed on that date with the SEC as Exhibit 99.1 to UAL's Form 8-K.

(b) Excludes special charges. While the Company anticipates that it will record such special charges throughout the year in 2018, at this time the Company is unable to provide an estimate of these charges with reasonable certainty.

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

Appendix A: reconciliation of GAAP to Non-GAAP financial measures (continued)

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.

	Year Ended December 31, <u>2017</u>
Capital Expenditures <i>(in millions)</i>	
Capital expenditures	\$ 3,998
Property and equipment acquired through the issuance of debt and capital leases	935
Airport construction financing	42
Fully reimbursable projects	<u>(246)</u>
Adjusted capital expenditures – Non-GAAP	<u>\$ 4,729</u>