
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): February 28, 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 8K filing is intended to simultaneously satisfy the filing obligations 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.

Starting on January 1, 2018, United Continental Holdings, Inc. (“UAL”), the holding company whose primary subsidiary is United Airlines, Inc. (“United,” and together with UAL, the “Company”) adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“Topic 606”) and Accounting Standards Update No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (“ASU 2017-07”). The Company is furnishing this Form 8-K to present certain previously reported financial information on a basis consistent with the new standards. Beginning with the quarter ending March 31, 2018, the Company’s financial information will reflect the adoption of these standards with prior periods adjusted accordingly. UAL consolidates United for financial statement purposes, with United’s operating revenues and operating expenses comprising nearly 100% of UAL’s revenues and operating expenses. In addition, United comprises approximately the entire balance of UAL’s assets, liabilities and operating cash flows. As a result, the adjustments included in UAL’s Consolidated Balance Sheets (Unaudited) and UAL’s Statements of Consolidated Operations (Unaudited) in Exhibit 99.1, are also applicable to United.

In 2014, the Financial Accounting Standards Board (the “FASB”) amended the FASB Accounting Standards Codification and issued Topic 606. The Company used the full-retrospective approach in adopting this standard. Topic 606 prescribes that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For the Company, the most significant impact of the standard is the reclassification of certain ancillary fees from other operating revenue into passenger revenue on the statement of consolidated operations. These ancillary fees are directly related to passenger travel, such as ticket change fees and baggage fees, and are no longer considered distinct performance obligations separate from the passenger travel component. In addition, the ticket change fees, which were previously recognized when received, are now recognized when transportation is provided. While the classification of certain transactions within operating revenue and between operating revenue and operating expenses changed, the adoption of the standard did not have a material impact on the Company’s earnings. Further, adoption of the standard had no impact on cash provided by or used in operating, financing, or investing activities in the Company’s consolidated cash flows statements. Refer to Exhibit 99.1 for the adjusted financial information, consistent with the new standards, for fiscal year 2017 and 2016.

In 2017, the FASB issued ASU 2017-07. The update requires employers to present the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. The other components of net benefit cost, including interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects, are to be presented outside of any subtotal of operating income. The adoption of ASU 2017-07 did not have a material impact on the Company’s consolidated financial statements. Refer to Exhibit 99.1 for the adjusted financial information, consistent with the new standards, for fiscal years 2017 and 2016. Also, see Note 8 to the financial statements included in Part II, Item 8 of UAL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for additional information on UAL’s net periodic benefit cost that was used as the basis for the adjustments presented in Exhibit 99.1.

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 to be incorporated by reference into any registration statement or other document filed pursuant to 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Certain Financial Information of United Continental Holdings, Inc.

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: February 28, 2018

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In millions, except shares)

The following tables show adjustments made due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“Topic 606”) on the December 31, 2017 and 2016 consolidated balance sheets, respectively. Previously reported results were derived from audited financial statements included in United Continental Holdings, Inc.’s (“UAL”) Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and UAL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as applicable.

	At December 31, 2017		
	As Reported	Topic 606 Adjustments	As Adjusted
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,482	\$ —	\$ 1,482
Short-term investments	2,316	—	2,316
Receivables, less allowance for doubtful accounts (\$7)	1,340	—	1,340
Aircraft fuel, spare parts and supplies, less obsolescence allowance (\$354)	924	—	924
Prepaid expenses and other	1,051	20	1,071
Total current assets	<u>7,113</u>	<u>20</u>	<u>7,133</u>
Operating property and equipment:			
Owned—			
Flight equipment	28,692	—	28,692
Other property and equipment	6,946	—	6,946
Total owned property and equipment	35,638	—	35,638
Less—Accumulated depreciation and amortization	(11,159)	—	(11,159)
Total owned property and equipment, net	<u>24,479</u>	<u>—</u>	<u>24,479</u>
Purchase deposits for flight equipment	1,344	—	1,344
Capital leases—			
Flight equipment	1,151	—	1,151
Other property and equipment	11	—	11
Total capital leases	1,162	—	1,162
Less—Accumulated amortization	(777)	—	(777)
Total capital leases, net	385	—	385
Total operating property and equipment, net	<u>26,208</u>	<u>—</u>	<u>26,208</u>
Other assets:			
Goodwill	4,523	—	4,523
Intangibles, less accumulated amortization (\$1,313)	3,539	—	3,539
Restricted cash	91	—	91
Investments in affiliates and other, net	852	—	852
Total other assets	<u>9,005</u>	<u>—</u>	<u>9,005</u>
Total assets	<u><u>\$ 42,326</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 42,346</u></u>

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In millions, except shares)

	At December 31, 2017		
	As Reported	Topic 606 Adjustments	As Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Advance ticket sales	\$ 3,876	\$ 64	\$ 3,940
Frequent flyer deferred revenue	2,176	16	2,192
Accounts payable	2,196	—	2,196
Accrued salaries and benefits	2,166	—	2,166
Current maturities of long-term debt	1,565	—	1,565
Current maturities of capital leases	128	—	128
Other	569	7	576
Total current liabilities	<u>12,676</u>	<u>87</u>	<u>12,763</u>
Long-term debt	11,703	—	11,703
Long-term obligations under capital leases	996	—	996
Other liabilities and deferred credits:			
Frequent flyer deferred revenue	2,565	26	2,591
Postretirement benefit liability	1,602	—	1,602
Pension liability	1,921	—	1,921
Advanced purchase of miles	—	—	—
Deferred income taxes	225	(21)	204
Lease fair value adjustment, net	198	—	198
Other	1,634	—	1,634
Total other liabilities and deferred credits	<u>8,145</u>	<u>5</u>	<u>8,150</u>
Commitments and contingencies			
Stockholders' equity:			
Preferred stock	—	—	—
Common stock at par, \$0.01 par value; authorized 1,000,000,000 shares; outstanding 286,973,195 shares at December 31, 2017	3	—	3
Additional capital invested	6,098	—	6,098
Retained earnings	4,621	(72)	4,549
Stock held in treasury, at cost	(769)	—	(769)
Accumulated other comprehensive loss	(1,147)	—	(1,147)
Total stockholders' equity	<u>8,806</u>	<u>(72)</u>	<u>8,734</u>
Total liabilities and stockholders' equity	<u>\$42,326</u>	<u>\$ 20</u>	<u>\$42,346</u>

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In millions, except shares)

	At December 31, 2016		
	As Reported	Topic 606 Adjustments	As Adjusted
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,179	\$ —	\$ 2,179
Short-term investments	2,249	—	2,249
Receivables, less allowance for doubtful accounts (\$10)	1,176	—	1,176
Aircraft fuel, spare parts and supplies, less obsolescence allowance (\$295)	873	—	873
Prepaid expenses and other	832	20	852
Total current assets	<u>7,309</u>	<u>20</u>	<u>7,329</u>
Operating property and equipment:			
Owned—			
Flight equipment	25,873	—	25,873
Other property and equipment	5,652	—	5,652
Total owned property and equipment	31,525	—	31,525
Less—Accumulated depreciation and amortization	(9,975)	—	(9,975)
Total owned property and equipment, net	<u>21,550</u>	<u>—</u>	<u>21,550</u>
Purchase deposits for flight equipment	1,059	—	1,059
Capital leases—			
Flight equipment	1,319	—	1,319
Other property and equipment	331	—	331
Total capital leases	1,650	—	1,650
Less—Accumulated amortization	(941)	—	(941)
Total capital leases, net	709	—	709
Total operating property and equipment, net	<u>23,318</u>	<u>—</u>	<u>23,318</u>
Other assets:			
Goodwill	4,523	—	4,523
Intangibles, less accumulated amortization (\$1,234)	3,632	—	3,632
Deferred income taxes	655	48	703
Restricted cash	124	—	124
Investments in affiliates and other, net	579	—	579
Total other assets	<u>9,513</u>	<u>48</u>	<u>9,561</u>
Total assets	<u>\$40,140</u>	<u>\$ 68</u>	<u>\$40,208</u>

UNITED CONTINENTAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In millions, except shares)

	At December 31, 2016		
	As Reported	Topic 606 Adjustments	As Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Advance ticket sales	\$ 3,730	\$ 65	\$ 3,795
Frequent flyer deferred revenue	2,135	14	2,149
Accounts payable	2,139	—	2,139
Accrued salaries and benefits	2,307	—	2,307
Current maturities of long-term debt	849	—	849
Current maturities of capital leases	116	—	116
Other	1,010	79	1,089
Total current liabilities	<u>12,286</u>	<u>158</u>	<u>12,444</u>
Long-term debt	9,918	—	9,918
Long-term obligations under capital leases	822	—	822
Other liabilities and deferred credits:			
Frequent flyer deferred revenue	2,748	(8)	2,740
Postretirement benefit liability	1,581	—	1,581
Pension liability	1,892	—	1,892
Advanced purchase of miles	430	3	433
Lease fair value adjustment, net	277	—	277
Other	1,527	—	1,527
Total other liabilities and deferred credits	<u>8,455</u>	<u>(5)</u>	<u>8,450</u>
Commitments and contingencies			
Stockholders' equity:			
Preferred stock	—	—	—
Common stock at par, \$0.01 par value; authorized 1,000,000,000 shares; outstanding 314,612,744 shares at December 31, 2016	3	—	3
Additional capital invested	6,569	—	6,569
Retained earnings	3,427	(85)	3,342
Stock held in treasury, at cost	(511)	—	(511)
Accumulated other comprehensive loss	(829)	—	(829)
Total stockholders' equity	<u>8,659</u>	<u>(85)</u>	<u>8,574</u>
Total liabilities and stockholders' equity	<u>\$40,140</u>	<u>\$ 68</u>	<u>\$40,208</u>

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(In millions, except per share amounts)

The following tables show adjustments made due to the adoption of Topic 606 and Accounting Standards Update No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07") on the December 31, 2017 and 2016 statements of consolidated operations, respectively. Previously reported results were derived from audited financial statements included in UAL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and UAL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as applicable.

	Year ended December 31, 2017			
	As Reported	Topic 606 Adjustments	ASU 2017-07 Adjustments	As Adjusted
Operating revenue:				
Passenger revenue	\$32,404	\$ 2,056	\$ —	\$34,460
Cargo	1,035	79	—	1,114
Other operating revenue	4,297	(2,087)	—	2,210
Total operating revenue	<u>37,736</u>	<u>48</u>	<u>—</u>	<u>37,784</u>
Operating expense:				
Salaries and related costs	11,045	—	(104)	10,941
Aircraft fuel	6,913	—	—	6,913
Landing fees and other rent	2,240	—	—	2,240
Regional capacity purchase	2,232	—	—	2,232
Depreciation and amortization	2,149	—	—	2,149
Aircraft maintenance materials and outside repairs	1,856	—	—	1,856
Distribution expenses	1,349	86	—	1,435
Aircraft rent	621	—	—	621
Special charges	176	—	—	176
Other operating expenses	5,657	(107)	—	5,550
Total operating expenses	<u>34,238</u>	<u>(21)</u>	<u>(104)</u>	<u>34,113</u>
Operating income	3,498	69	104	3,671
Nonoperating income (expense):				
Interest expense	(643)	(28)	—	(671)
Interest capitalized	84	—	—	84
Interest income	57	—	—	57
Miscellaneous, net	3	—	(104)	(101)
Total nonoperating expense, net	<u>(499)</u>	<u>(28)</u>	<u>(104)</u>	<u>(631)</u>
Income before income taxes	2,999	41	—	3,040
Income tax expense	868	28	—	896
Net income	<u>\$ 2,131</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 2,144</u>
Earnings per share, basic	<u>\$ 7.04</u>	<u>\$ 0.04</u>	<u>\$ —</u>	<u>\$ 7.08</u>
Earnings per share, diluted	<u>\$ 7.02</u>	<u>\$ 0.04</u>	<u>\$ —</u>	<u>\$ 7.06</u>

UNITED CONTINENTAL HOLDINGS, INC.
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(In millions, except per share amounts)

	Year ended December 31, 2016			As Adjusted
	As Reported	Topic 606 Adjustments	ASU 2017-07 Adjustments	
Operating revenue:				
Passenger revenue	\$31,457	\$ 1,972	\$ —	\$33,429
Cargo	876	58	—	934
Other operating revenue	4,223	(2,028)	—	2,195
Total operating revenue	<u>36,556</u>	<u>2</u>	<u>—</u>	<u>36,558</u>
Operating expense:				
Salaries and related costs	10,275	—	(99)	10,176
Aircraft fuel	5,813	—	—	5,813
Landing fees and other rent	2,165	—	—	2,165
Regional capacity purchase	2,197	—	—	2,197
Depreciation and amortization	1,977	—	—	1,977
Aircraft maintenance materials and outside repairs	1,749	—	—	1,749
Distribution expenses	1,303	92	—	1,395
Aircraft rent	680	—	—	680
Special charges	638	—	107	745
Other operating expenses	5,421	(104)	—	5,317
Total operating expenses	<u>32,218</u>	<u>(12)</u>	<u>8</u>	<u>32,214</u>
Operating income	4,338	14	(8)	4,344
Nonoperating income (expense):				
Interest expense	(614)	(60)	—	(674)
Interest capitalized	72	—	—	72
Interest income	42	—	—	42
Miscellaneous, net	(19)	—	8	(11)
Total nonoperating expense, net	<u>(519)</u>	<u>(60)</u>	<u>8</u>	<u>(571)</u>
Income before income taxes	3,819	(46)	—	3,773
Income tax expense	1,556	(17)	—	1,539
Net income	<u>\$ 2,263</u>	<u>\$ (29)</u>	<u>\$ —</u>	<u>\$ 2,234</u>
Earnings per share, basic	<u>\$ 6.86</u>	<u>\$ (0.09)</u>	<u>\$ —</u>	<u>\$ 6.77</u>
Earnings per share, diluted	<u>\$ 6.85</u>	<u>\$ (0.09)</u>	<u>\$ —</u>	<u>\$ 6.76</u>

UNITED CONTINENTAL HOLDINGS, INC.
QUARTERLY STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(In millions, except per share amounts)

The following table shows adjusted balances after the adoption of Topic 606 and ASU 2017-07 on the quarterly statements of consolidated operations for each quarter of 2017.

	As Adjusted for Topic 606 and ASU 2017-07			
	For the Quarter Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Operating revenue:				
Passenger revenue	\$ 7,653	\$ 9,151	\$ 9,069	\$ 8,587
Cargo	238	273	279	324
Other operating revenue	535	584	551	540
Total operating revenue	<u>8,426</u>	<u>10,008</u>	<u>9,899</u>	<u>9,451</u>
Operating expense:				
Salaries and related costs	2,636	2,842	2,785	2,678
Aircraft fuel	1,560	1,669	1,809	1,875
Landing fees and other rent	544	541	585	570
Regional capacity purchase	536	549	567	580
Depreciation and amortization	518	536	556	539
Aircraft maintenance materials and outside repairs	454	472	451	479
Distribution expenses	319	385	377	354
Aircraft rent	179	152	145	145
Special charges	51	44	50	31
Other operating expenses	1,309	1,381	1,436	1,424
Total operating expenses	<u>8,106</u>	<u>8,571</u>	<u>8,761</u>	<u>8,675</u>
Operating income	320	1,437	1,138	776
Nonoperating income (expense):				
Interest expense	(162)	(167)	(169)	(173)
Interest capitalized	23	21	20	20
Interest income	11	13	17	16
Miscellaneous, net	(42)	(27)	(13)	(19)
Total nonoperating expense, net	<u>(170)</u>	<u>(160)</u>	<u>(145)</u>	<u>(156)</u>
Income before income taxes	150	1,277	993	620
Income tax expense	51	456	348	41
Net income	<u>\$ 99</u>	<u>\$ 821</u>	<u>\$ 645</u>	<u>\$ 579</u>
Earnings per share, basic	<u>\$ 0.32</u>	<u>\$ 2.67</u>	<u>\$ 2.15</u>	<u>\$ 1.99</u>
Earnings per share, diluted	<u>\$ 0.32</u>	<u>\$ 2.67</u>	<u>\$ 2.15</u>	<u>\$ 1.98</u>

UNITED CONTINENTAL HOLDINGS, INC.
QUARTERLY ADJUSTMENTS TO THE STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(In millions, except per share amounts)

The following table shows quarterly adjustments made due to the adoption of Topic 606 and ASU 2017-07 on the statements of consolidated operations for 2017.

	Full Year 2017 As Reported	Adjustments, For the Quarter Ended				Full Year 2017 As Adjusted
		March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	
Operating revenue:						
Passenger revenue	\$ 32,404	\$ 479	\$ 529	\$ 541	\$ 507	\$ 34,460
Cargo	1,035	18	19	22	20	1,114
Other operating revenue	4,297	(491)	(540)	(542)	(514)	2,210
Total operating revenue	37,736	6	8	21	13	37,784
Operating expense:						
Salaries and related costs	11,045	(25)	(26)	(27)	(26)	10,941
Aircraft fuel	6,913	—	—	—	—	6,913
Landing fees and other rent	2,240	—	—	—	—	2,240
Regional capacity purchase	2,232	—	—	—	—	2,232
Depreciation and amortization	2,149	—	—	—	—	2,149
Aircraft maintenance materials and outside repairs	1,856	—	—	—	—	1,856
Distribution expenses	1,349	12	23	25	26	1,435
Aircraft rent	621	—	—	—	—	621
Special charges	176	—	—	—	—	176
Other operating expenses	5,657	(23)	(27)	(23)	(34)	5,550
Total operating expenses	34,238	(36)	(30)	(25)	(34)	34,113
Operating income	3,498	42	38	46	47	3,671
Nonoperating income (expense):						
Interest expense	(643)	(12)	(9)	(5)	(2)	(671)
Interest capitalized	84	—	—	—	—	84
Interest income	57	—	—	—	—	57
Miscellaneous, net	3	(25)	(26)	(28)	(25)	(101)
Total nonoperating expense, net	(499)	(37)	(35)	(33)	(27)	(631)
Income before income taxes	2,999	5	3	13	20	3,040
Income tax expense	868	2	—	5	21	896
Net income	\$ 2,131	\$ 3	\$ 3	\$ 8	\$ (1)	\$ 2,144
Earnings per share, basic	\$ 7.04	\$ 0.01	\$ —	\$ 0.03	\$ —	\$ 7.08
Earnings per share, diluted	\$ 7.02	\$ 0.01	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 7.06

UNITED CONTINENTAL HOLDINGS, INC.
SELECTED STATISTICS AND SUMMARY FINANCIAL METRICS (UNAUDITED)

The following table shows selected statistics and summary financial metrics after the adoption of Topic 606 and ASU 2017-07 for each quarter of 2017 and for the full year, 2017 and 2016, respectively.

	As Adjusted for Topic 606 and ASU 2017-07					
	Quarter Ended				Full Year	
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	2017	2016
Consolidated:						
Operating margin	3.8%	14.4%	11.5%	8.2%	9.7%	11.9%
Operating margin, excluding special charges (Non-GAAP) (A)	4.4%	14.8%	12.0%	8.5%	10.2%	13.9%
Pre-tax margin	1.8%	12.8%	10.0%	6.6%	8.0%	10.3%
Pre-tax margin excluding special charges and hedge adjustments (Non-GAAP) (A)	2.4%	13.2%	10.5%	6.9%	8.5%	12.1%
Passengers (thousands) (a)	33,105	38,247	39,302	37,413	148,067	143,177
Revenue passenger miles (millions) (b)	47,611	56,356	59,145	53,149	216,261	210,309
Available seat miles (millions) (c)	59,808	67,467	70,083	65,028	262,386	253,590
Passenger revenue per available seat mile (cents)	12.80	13.56	12.94	13.21	13.13	13.18
Total revenue per available seat mile (cents)	14.09	14.83	14.12	14.53	14.40	14.42
Average yield per revenue passenger mile (cents) (d)	16.07	16.24	15.33	16.16	15.93	15.90

(a) The number of revenue passengers measured by each flight segment flown.

(b) The number of scheduled miles flown by revenue passengers.

(c) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.

(d) The average passenger revenue received for each revenue passenger mile flown.

UNITED CONTINENTAL HOLDINGS, INC.
PASSENGER REVENUE BY GEOGRAPHY (UNAUDITED)
(In millions)

The following table shows adjusted quarterly passenger revenue by geography after the adoption of Topic 606 for each quarter of 2017 and for the full year, 2017 and 2016, respectively.

	As Adjusted for Topic 606					
	Quarter Ended				Full Year	
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	2017	2016
Mainline	\$ 3,272	\$ 4,043	\$ 3,952	\$ 3,862	\$15,129	\$14,073
Regional	1,379	1,615	1,491	1,537	6,022	6,193
Domestic	4,651	5,658	5,443	5,399	21,151	20,266
Atlantic	1,117	1,615	1,724	1,400	5,856	5,739
Pacific	1,053	1,064	1,125	1,047	4,289	4,433
Latin America	832	814	777	741	3,164	2,991
International	3,002	3,493	3,626	3,188	13,309	13,163
Consolidated	<u>\$ 7,653</u>	<u>\$ 9,151</u>	<u>\$ 9,069</u>	<u>\$ 8,587</u>	<u>\$34,460</u>	<u>\$33,429</u>
Mainline	\$ 6,227	\$ 7,492	\$ 7,538	\$ 7,002	\$28,259	\$27,029
Regional	1,426	1,659	1,531	1,585	6,201	6,400
Consolidated	<u>\$ 7,653</u>	<u>\$ 9,151</u>	<u>\$ 9,069</u>	<u>\$ 8,587</u>	<u>\$34,460</u>	<u>\$33,429</u>

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

(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 margin, excluding special charges, pre-tax margin, excluding special charges and hedge adjustments, operating income (loss) excluding special charges, operating expenses, excluding fuel, profit sharing, special charges and third-party business expenses, income (loss) before income taxes excluding special charges and reflecting hedge adjustments, net income (loss) excluding special charges and reflecting hedge adjustments and income tax adjustments, net earnings (loss) per share excluding special charges and income tax adjustments and reflecting hedge adjustments, and consolidated unit cost per available seat mile (“CASM”), excluding special charges, third-party business expenses, fuel and profit sharing, among others.

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 non-recurring 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, 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 UAL’s recurring cost performance and provides a more meaningful comparison of UAL’s core operating costs to the airline industry. In addition, UAL believes that adjusting for prior period gains and losses on fuel derivative contracts settled in the current period is useful because the adjustments allow investors to better understand the cash impact of settled fuel derivative contracts in a given period.

The following tables show adjusted reconciliations of certain previously reported Non-GAAP financial measures to comparable financial measures reported on a GAAP basis after the adoption of Topic 606 and ASU 2017-07 for each quarter of 2017 and for the full year, 2017 and 2016, respectively.

	As Adjusted for Topic 606 and ASU 2017-07					
	Quarter Ended				Full Year	
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	2017	2016
CASM Mainline Operations (cents)						
Cost per available seat mile (CASM)	13.15	12.27	11.98	12.83	12.53	12.21
Special charges	0.09	0.07	0.08	0.06	0.07	0.33
Third-party business expenses	0.09	0.07	0.05	0.04	0.06	0.06
Fuel expense	<u>2.44</u>	<u>2.32</u>	<u>2.41</u>	<u>2.68</u>	<u>2.46</u>	<u>2.16</u>
CASM, excluding special charges, third-party business expenses and fuel	10.53	9.81	9.44	10.05	9.94	9.66
Profit sharing per available seat mile	<u>0.03</u>	<u>0.25</u>	<u>0.21</u>	<u>0.08</u>	<u>0.15</u>	<u>0.28</u>
CASM, excluding special charges, third-party business expenses, fuel, and profit sharing	<u>10.50</u>	<u>9.56</u>	<u>9.23</u>	<u>9.97</u>	<u>9.79</u>	<u>9.38</u>
CASM Consolidated Operations (cents)						
Cost per available seat mile (CASM)	13.55	12.70	12.50	13.34	13.00	12.70
Special charges	0.08	0.07	0.07	0.04	0.07	0.29
Third-party business expenses	0.07	0.05	0.04	0.06	0.05	0.05
Fuel expense	<u>2.60</u>	<u>2.47</u>	<u>2.58</u>	<u>2.88</u>	<u>2.64</u>	<u>2.29</u>
CASM, excluding special charges, third-party business expenses and fuel	10.80	10.11	9.81	10.36	10.24	10.07
Profit sharing per available seat mile	<u>0.04</u>	<u>0.23</u>	<u>0.19</u>	<u>0.07</u>	<u>0.13</u>	<u>0.25</u>
CASM, excluding special charges, third-party business expenses, fuel, and profit sharing	<u>10.76</u>	<u>9.88</u>	<u>9.62</u>	<u>10.29</u>	<u>10.11</u>	<u>9.82</u>

UNITED CONTINENTAL HOLDINGS, INC.
NON-GAAP FINANCIAL RECONCILIATION (UNAUDITED)
(In millions, except per share amounts)

	As Adjusted for Topic 606 and ASU 2017-07					
	Quarter Ended				Full Year	
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	2017	2016
Operating expenses	\$ 8,106	\$ 8,571	\$ 8,761	\$ 8,675	\$34,113	\$32,214
Special charges	51	44	50	31	176	745
Operating expenses, excluding special charges	8,055	8,527	8,711	8,644	33,937	31,469
Third-party business expenses	40	41	33	31	145	136
Fuel expense	1,560	1,669	1,809	1,875	6,913	5,813
Profit sharing, including taxes	20	154	130	45	349	628
Operating expenses, excluding fuel, profit sharing, special charges and third-party business expenses	<u>\$ 6,435</u>	<u>\$ 6,663</u>	<u>\$ 6,739</u>	<u>\$ 6,693</u>	<u>\$26,530</u>	<u>\$24,892</u>
Operating income	\$ 320	\$ 1,437	\$ 1,138	\$ 776	\$ 3,671	\$ 4,344
Special charges	51	44	50	31	176	745
Operating income, excluding special charges	<u>\$ 371</u>	<u>\$ 1,481</u>	<u>\$ 1,188</u>	<u>\$ 807</u>	<u>\$ 3,847</u>	<u>\$ 5,089</u>
Income before income taxes	\$ 150	\$ 1,277	\$ 993	\$ 620	\$ 3,040	\$ 3,773
Special charges and hedge adjustments before income taxes	51	44	50	31	176	643
Income before income taxes excluding special charges and reflecting hedge adjustments	<u>\$ 201</u>	<u>\$ 1,321</u>	<u>\$ 1,043</u>	<u>\$ 651</u>	<u>\$ 3,216</u>	<u>\$ 4,416</u>
Net income	\$ 99	\$ 821	\$ 645	\$ 579	\$ 2,144	\$ 2,234
Special charges and hedge adjustments, net of tax and income tax adjustments	33	28	32	(159)	(66)	594
Net income, excluding special charges and reflecting hedge adjustments and income tax adjustments	<u>\$ 132</u>	<u>\$ 849</u>	<u>\$ 677</u>	<u>\$ 420</u>	<u>\$ 2,078</u>	<u>\$ 2,828</u>
Diluted earnings per share	\$ 0.32	\$ 2.67	\$ 2.15	\$ 1.98	\$ 7.06	\$ 6.76
Special charges and hedge adjustments	0.16	0.14	0.16	0.11	0.58	1.95
Income tax adjustments and tax effect related to special charges and hedge adjustments	(0.06)	(0.05)	(0.06)	(0.65)	(0.80)	(0.15)
Diluted earnings per share, excluding special charges and income tax adjustments and reflecting hedge adjustments	<u>\$ 0.42</u>	<u>\$ 2.76</u>	<u>\$ 2.25</u>	<u>\$ 1.44</u>	<u>\$ 6.84</u>	<u>\$ 8.56</u>