

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

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UNITED 

A STAR ALLIANCE MEMBER



Safe Harbor Statement

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Key investment highlights

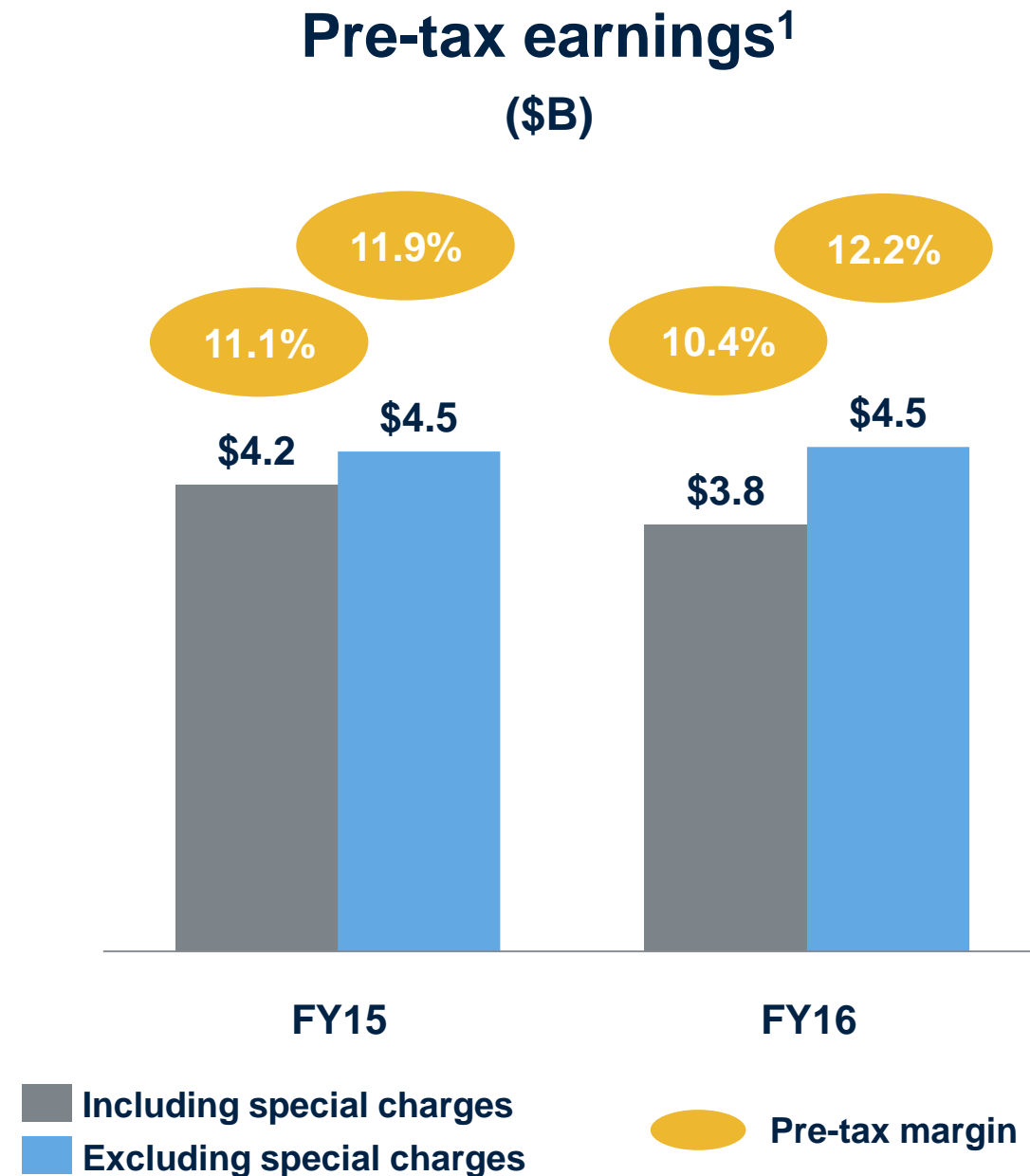
Managing business to maximize operating margin and ROIC

Defined strategy to close margin gap to peers by 2020

Committed to managing costs and disciplined capital investment

Strong liquidity levels and healthy balance sheet

Solid earnings underpinned a year of transformation at United in 2016

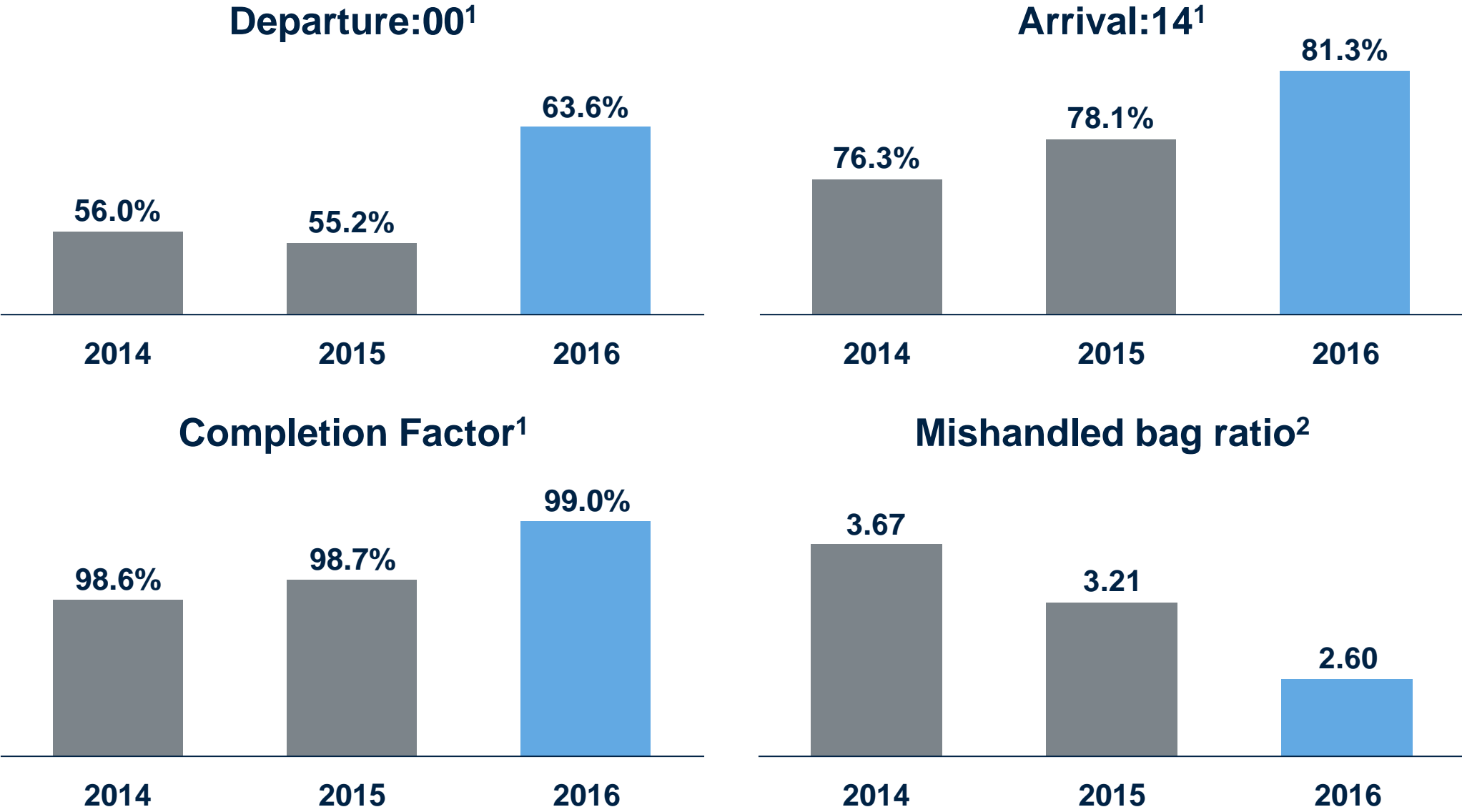


- New labor agreements with all workgroups
- Strengthened executive leadership team
- Record operational improvement
- Rolled out United Polaris service

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

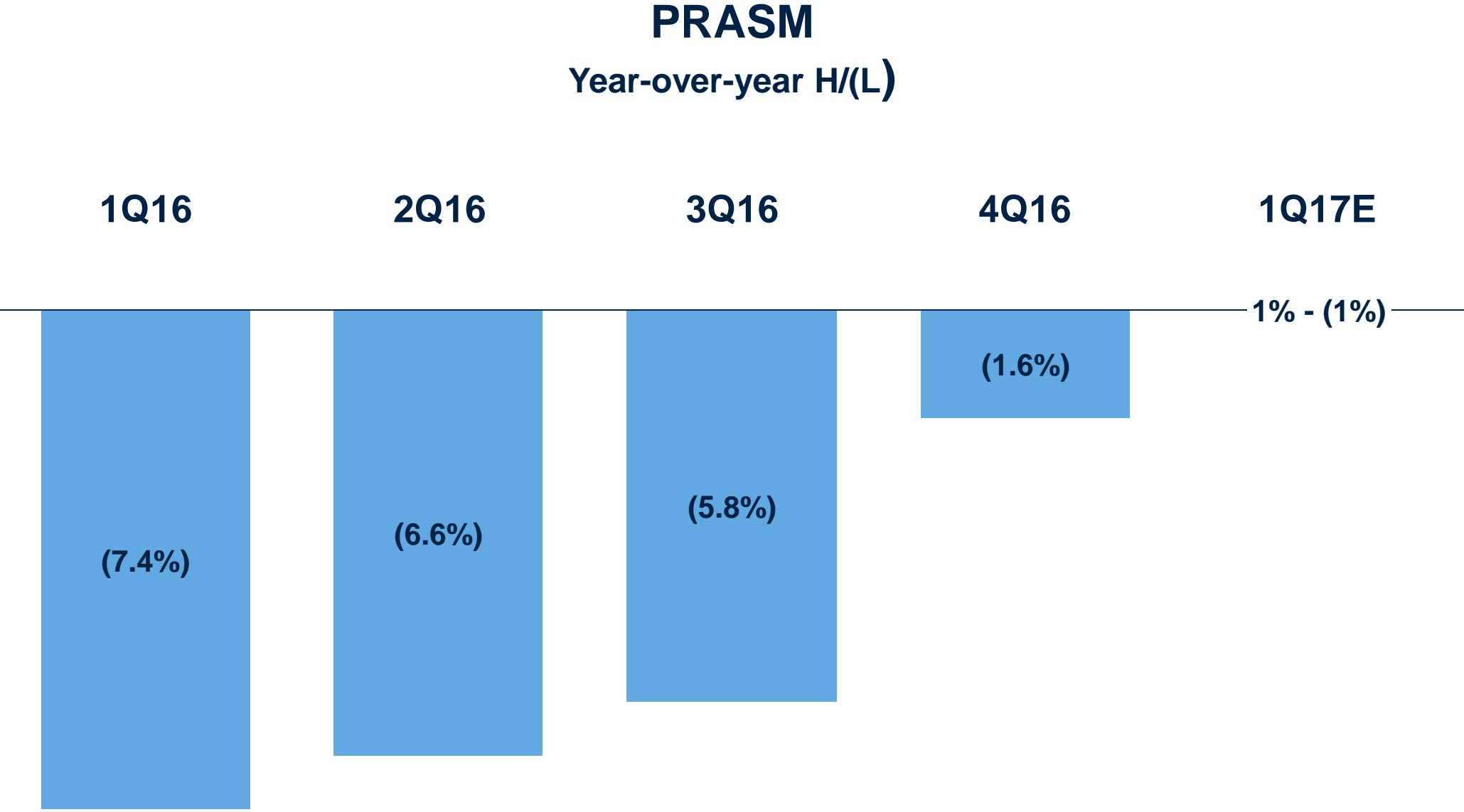
Record operational performance in 2016

- Employee engagement
- Tools & technology
- Operational simplification
- Out and back flying



¹ Mainline flights only
² As reported to the Department of Transportation

Expect sequential PRASM improvement to continue in 2017

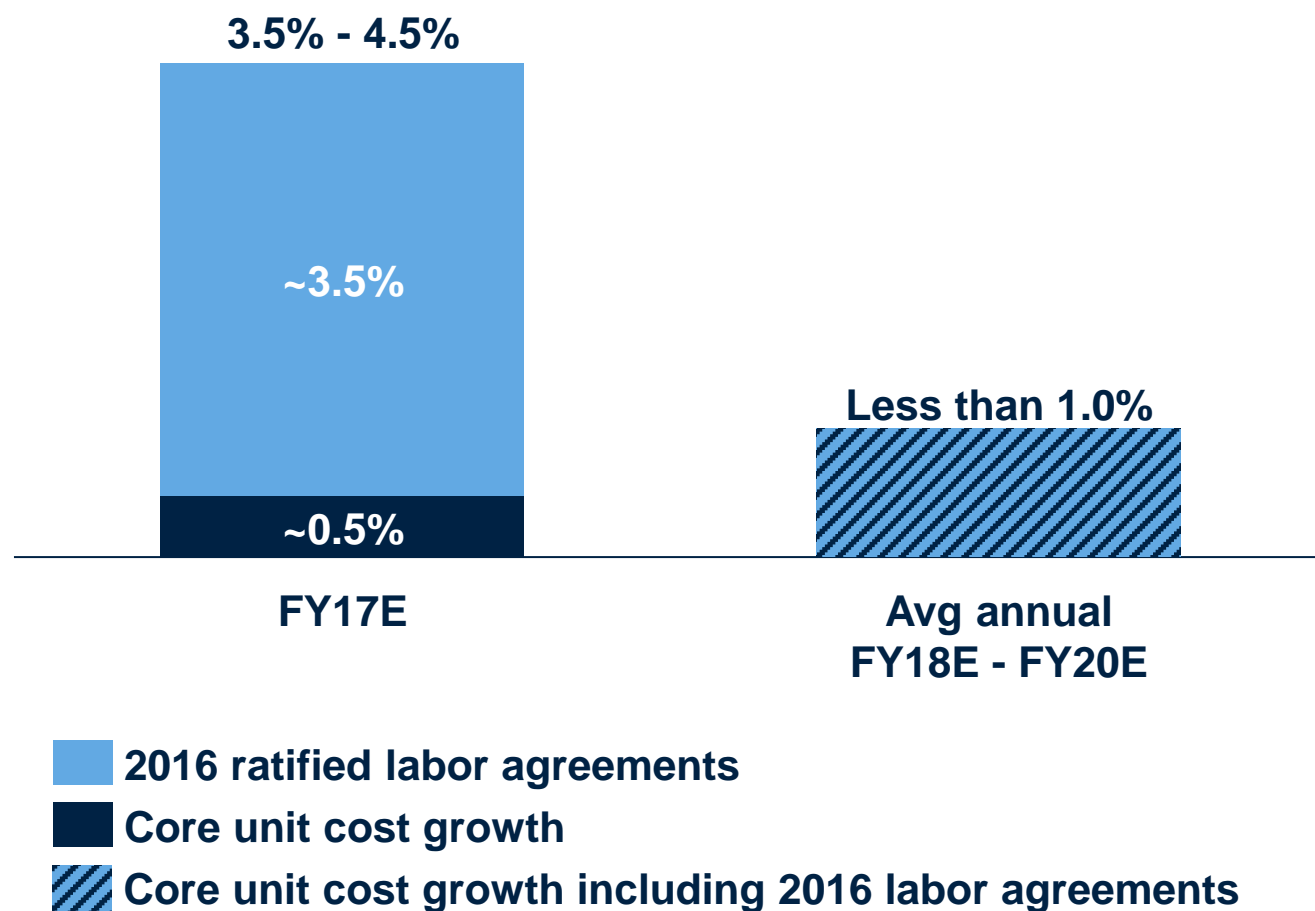


Basic Economy offers customers greater choice

- **Providing customers the option to purchase the core product at the lowest price**
- **Ability to pay for access to only the features and benefits they value**
- **Started selling Basic Economy last week for travel beginning April 18th**
 - Minneapolis (MSP) to domestic hubs are first Basic Economy markets
 - Full domestic and short-haul international rollout to follow
- **Expect Basic Economy to contribute \$200M in incremental revenue in 2017**

Expect to grow non-fuel unit costs less than 1% year-over-year after 2017

Non-fuel CASM outlook¹ Year-over-year H/(L)



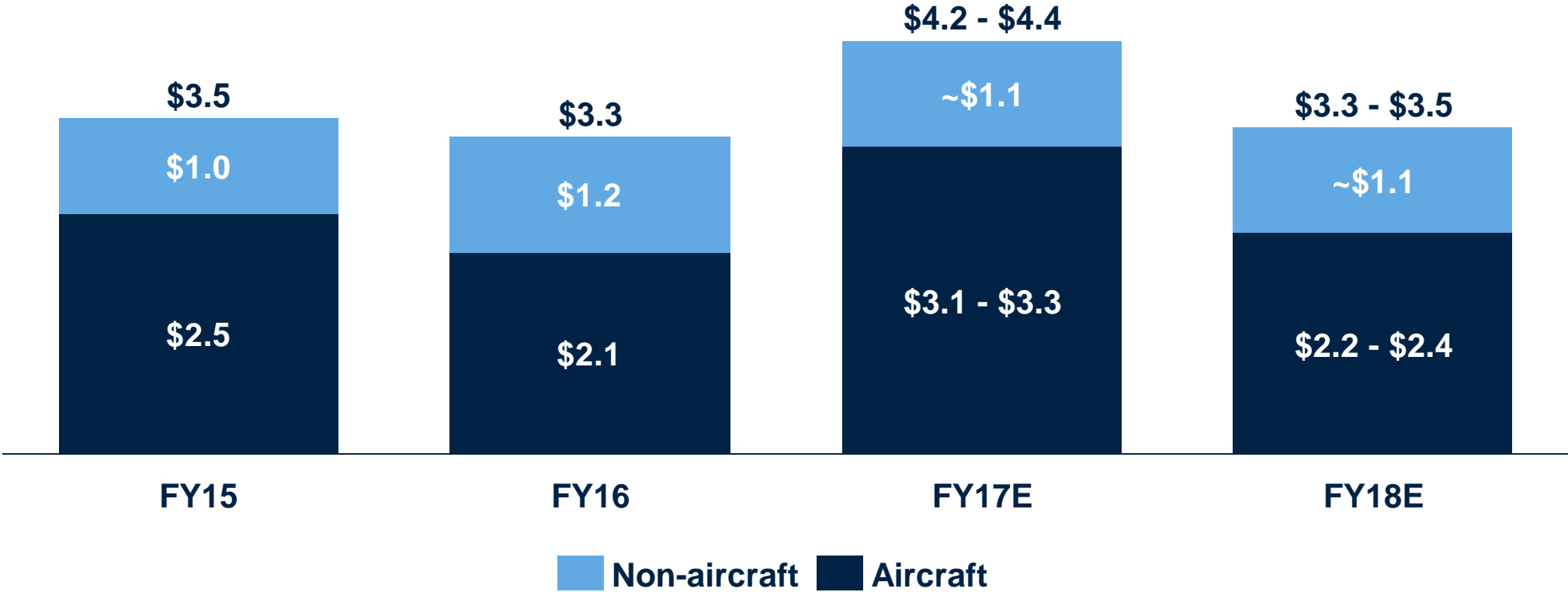
Work Group	Contract Amendable Date
Pilots	2019
Flight Attendants	2021
Dispatchers	2021
IAM-represented	2021
Technicians	2022

- Long-term unit cost projection based on assumption of 1.5% annual capacity growth

¹ Non-fuel CASM (operating expense per available seat mile) excludes fuel, profit sharing, third-party expenses, special charges, the impact of certain primarily non-cash impairment, severance and other similar accounting charges. For additional information, see Appendix A

Disciplined capital investment

Adjusted capital expenditures (\$B)



2017 represents peak spending for capital expenditures due to widebody deliveries

¹ Including assets acquired through the issuance of debt, airport construction financing and excluding fully reimbursable projects. For a GAAP to non-GAAP reconciliation, see Appendix A

Current fleet outlook

2017 Fleet Plan

Aircraft Type	YE 2016	YE 2017	FYΔ
B747-400	20	-	(20)
B777-200/300	76	88	12
B787-8/9	30	33	3
B767-300/400	51	51	-
B757-200/300	77	77	-
B737-700/800/900	325	329	4
A319/A320	158	164	6
70/76-seat aircraft ¹	235	254	19
50-seat or less aircraft	259	223	(36)
Total Aircraft	1,231	1,219	(12)

Future Deliveries

Aircraft Type	Firm Commitments ²
A350-1000	35
B737MAX	161
B787-8/9/10	18

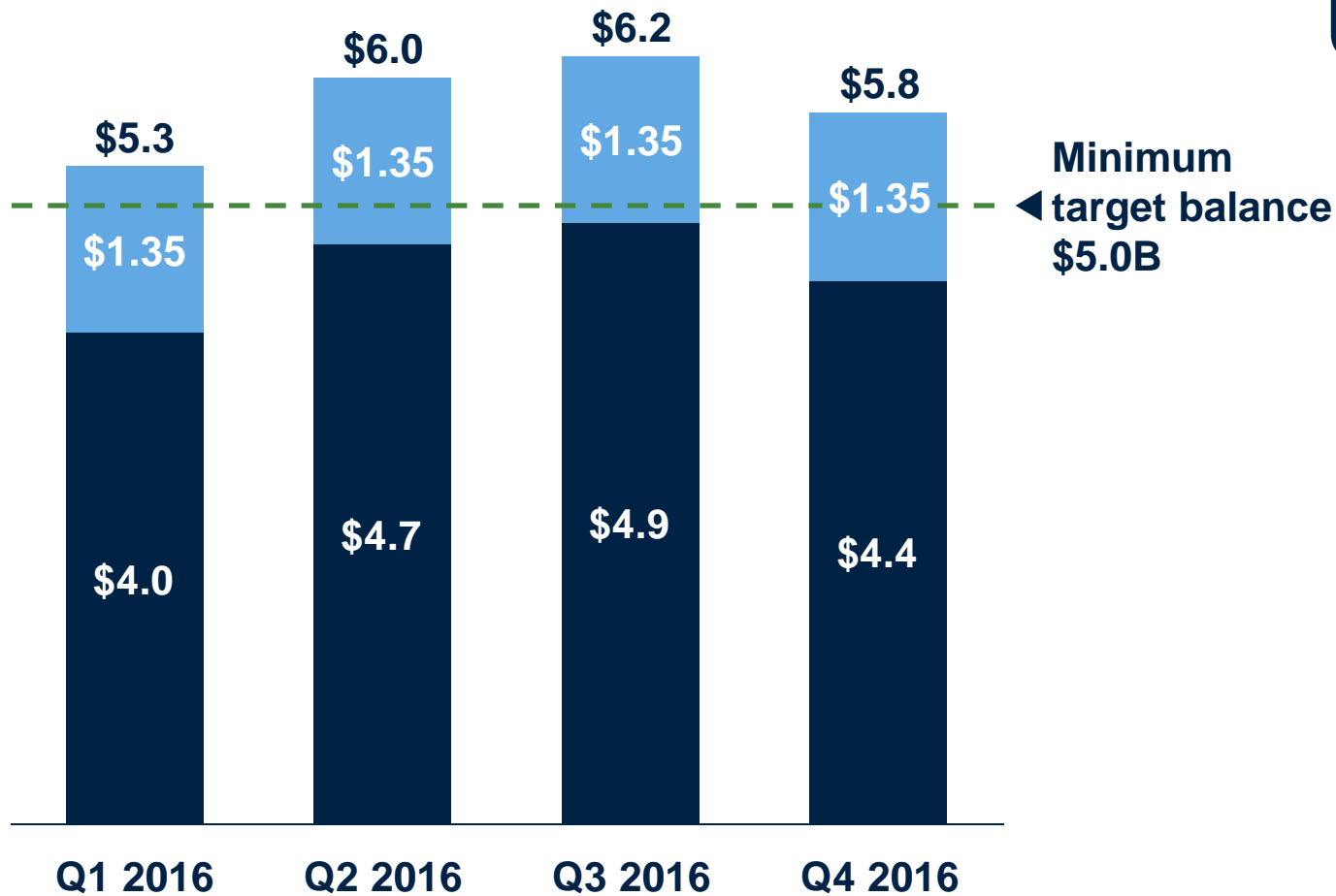
Actively seeking opportunities in the used aircraft market

¹ Pilot contract scope clause: up to 255 70/76-seat aircraft of which 153 can be 76-seat aircraft

² For delivery beyond 2017; United also has options and purchase rights for additional aircraft; To the extent United and the aircraft manufacturers with whom United has existing orders for new aircraft agree to modify the contracts governing those orders, the amount and timing of United's future commitments could change

Strong liquidity position

Quarter-end unrestricted liquidity (\$B)

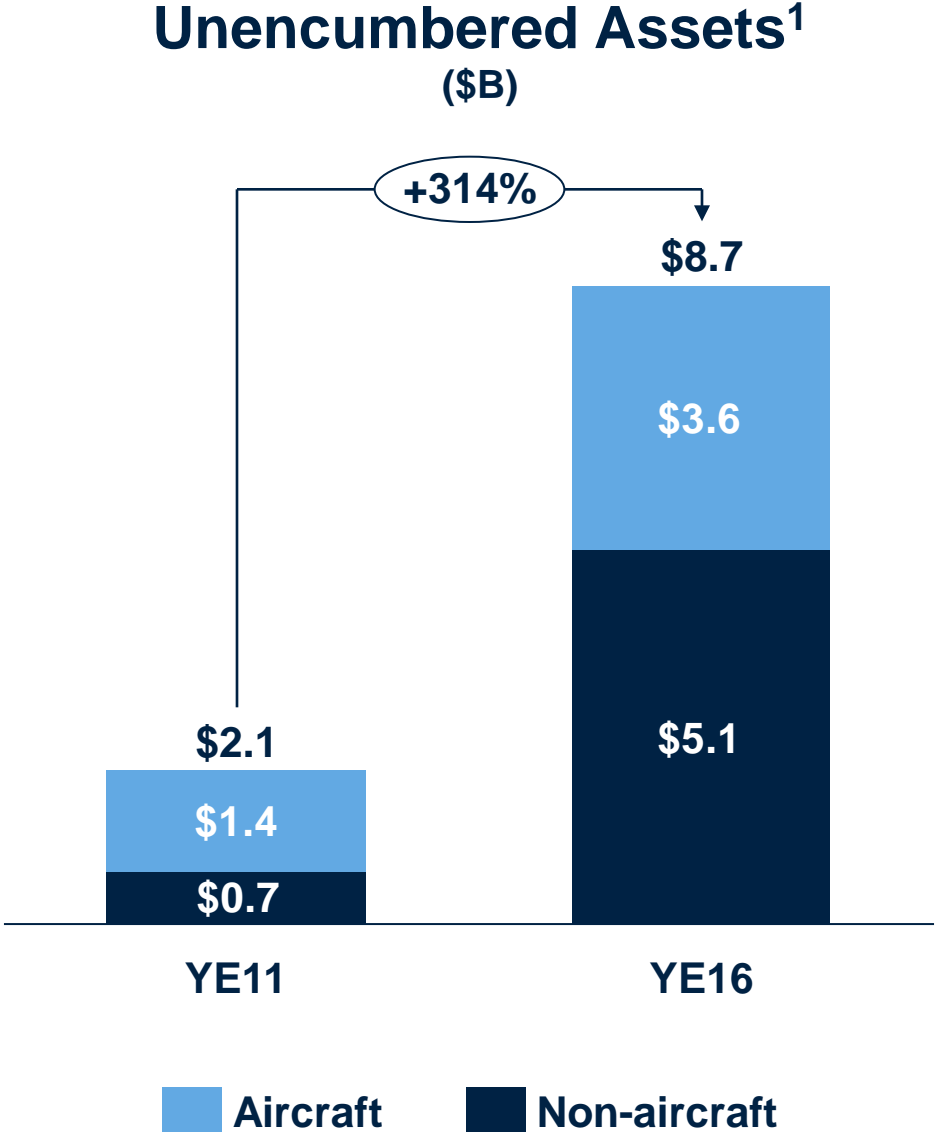


\$5B - \$6B is the optimal liquidity level

- Absorb seasonality of the business (~\$1.5B peak to trough)
- Meets debt and capital expenditure commitments
- Provides sufficient liquidity under extreme stress-test (e.g. Sept. 11th) scenario

■ Revolving credit facility
■ Unrestricted cash and short-term investments

Unencumbered asset base is a source of additional liquidity



- UAL has made significant progress paying down debt and unencumbering assets
- Secured debt market remains open during challenging economic environment

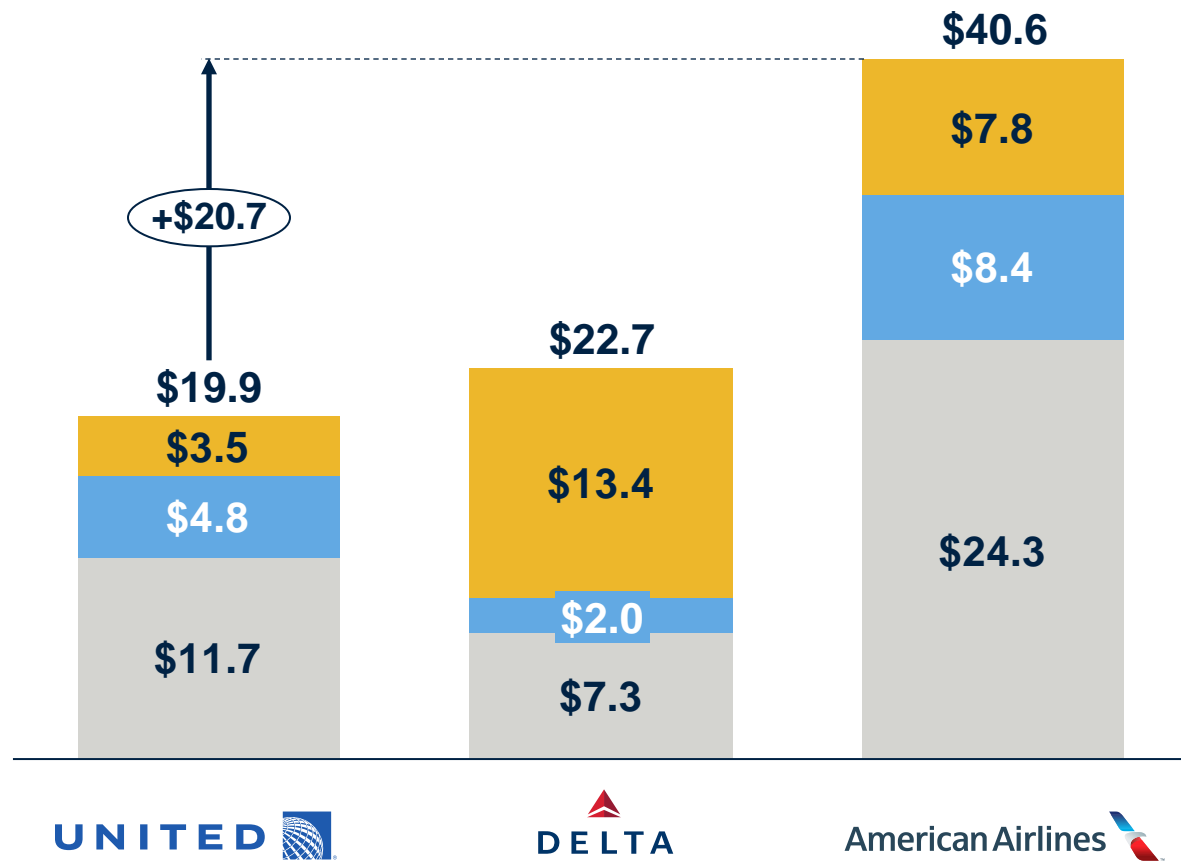
¹ Non-aircraft includes spare engines, spare parts, routes, slots, simulators, ground equipment, passenger loading bridges and other property

United's balance sheet is well positioned among peers

Adjusted debt

YE16 Debt, pension and post-retirement obligations

(\$B)



■ Pension and post-retirement liability
 ■ Debt and capital lease obligations
 ■ Aircraft rent, capitalized¹

United Leverage

	FY16
Net Income (\$B)	\$2.3
EBITDA ² (\$B)	\$6.9
Debt/EBITDA ²	2.2x
Adj. Debt/EBITDA ²	2.9x

UAL credit ratings

Moody's	Fitch	S&P
Ba2	BB	BB-
<i>Upgraded January 2017</i>	<i>Upgraded October 2016</i>	<i>Positive Outlook</i>

¹ Aircraft rent capitalized at 7x

² For a GAAP to Non-GAAP reconciliation, see Appendix A

Source: SEC filings; Numbers may not sum due to rounding

Top priorities for 2017

- **Network**
 - Improving bank structures in key hubs to drive better connectivity
 - Expect to start in IAH, ORD and EWR later this year
- **Gemini (revenue management system)**
 - Transitioning to conditional demand forecasting
- **Continue Operational Improvement**
 - Standardize processes across the entire airline
 - Focus on departure performance and completion factor
- **Technical Operations**
 - Improving processes and implementing JCBA

Goal:



Make United the best airline for
employees, customers and investors.

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: income (loss) before taxes excluding special items, pre-tax margin excluding special items, net income (loss) excluding special items and CASM, as adjusted, among others. UAL believes that adjusting for special items is useful to investors because special items are non-recurring charges not indicative of UAL's ongoing performance. For additional information related to special items, see the press release issued by UAL dated January 17, 2017, filed on that date with the SEC as an exhibit to UAL's Form 8-K.

<i>(in millions, except pre-tax margin)</i>	Twelve Months Ended	
	December 31,	
	2016	2015
Income before income taxes excluding special items		
Income before income taxes (GAAP)	\$3,819	\$4,219
Add: special items before income taxes (a)	643	279
Income before income taxes excluding special items (Non-GAAP)	<u>\$4,462</u>	<u>\$4,498</u>
 Pre-tax margin excluding specials		
Total operating revenue	\$36,556	\$37,864
 Pre-tax margin (GAAP)	10.4%	11.1%
Pre-tax margin excluding special items (Non-GAAP)	12.2%	11.9%

(a) Includes impairment of intangible assets, labor agreement costs, Cleveland airport lease restructuring costs, severance and benefit costs, (gains) losses on sales of assets and other special items, losses on extinguishment of debt, and hedge program adjustments.

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

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 and also presents a measure of CASM with the additional exclusion of the impact from the new labor agreements. 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 and the impact from new labor agreements, as these exclusions allow investors to better understand and analyze our recurring cost performance and provide a more meaningful comparison of our core operating costs to the airline industry.

	Year Ended		
	December 31, 2017E		
Non-Fuel CASM	<u>Low</u>		<u>High</u>
CASM, excluding special charges and profit sharing (a) (Non-GAAP)	6.6	–	8.2 %
Less: Third-party business expenses and fuel (b)	<u>3.1</u>	–	<u>3.7</u>
CASM, excluding special charges, profit sharing, third-party business expenses and fuel (Non-GAAP)	3.5	–	4.5
Less: Labor agreements ratified in 2016	<u>3.5</u>	–	<u>3.5</u>
CASM, excluding special charges, profit sharing, third-party business expenses, fuel and labor agreements ratified in 2016 (Non-GAAP)	0.0	–	1.0 %

(a) Excludes special charges, such as the impact of certain primarily non-cash impairment, severance and other similar accounting 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, as well as an estimate of full-year profit sharing, with reasonable certainty. Accordingly, the Company is unable to provide guidance for CASM on a GAAP basis.

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

While the Company anticipates that it will record third-party business expense and fuel expense in 2018-2020, at this time the Company is unable to provide an estimate of these charges with reasonable certainty. Accordingly, the Company is unable to provide guidance for CASM on a GAAP basis.

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, 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.

Capital Expenditures <i>(in millions)</i>	Year Ended	Year Ended
	December 31, 2016	December 31, 2015
Capital Expenditures (GAAP)	\$3,223	\$2,747
Property and equipment acquired through the issuance of debt	386	866
Airport construction financing	91	17
Fully reimbursable projects	<u>(353)</u>	<u>(124)</u>
Adjusted capital expenditures (Non-GAAP)	<u>\$3,347</u>	<u>\$3,506</u>

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

UAL provides financial metrics, including earnings before interest, taxes and depreciation and amortization (EBITDA) that we believe provides useful supplemental information for management and investors by measuring profit and profit as a percentage of total operating revenues. These financial metrics are adjusted for special items that are non-recurring and that management believes are not indicative of UAL's ongoing performance. We believe adjusting debt to include: pension liabilities, post-retirement liabilities and aircraft rent times seven provides useful supplemental information by informing the investors of our total long-term financing obligations. Aircraft rent is multiplied by seven per industry standards.

<i>(in millions)</i>	Twelve Months Ended December 31, 2016
EBITDA	
Net income (GAAP)	\$2,263
Adjusted for:	
Depreciation and amortization	1,977
Interest expense	614
Interest capitalized	(72)
Interest income	(42)
Income tax expense	1,556
Special items before income taxes	643
Adjusted EBITDA, excluding special items (Non-GAAP)	\$6,939

	Twelve Months Ended December 31, 2016
Adjusted Debt	
Current maturities of long-term debt	\$849
Current maturities of capital leases	116
Long-term debt	9,918
Long-term obligations under capital leases	822
Postretirement benefit liability	1,581
Pension liability	1,892
Balance sheet debt	15,178
Aircraft rent at 7x	4,760
Adjusted debt (Non-GAAP)	\$19,938