

Investor Update
Issue Date: April 17, 2017

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 2017.

Second-Quarter and Full-Year 2017 Outlook	Estimated 2Q 2017			Estimated FY 2017		
Consolidated Capacity Year-Over-Year Change Higher/(Lower)	3.0%	-	4.0%	2.5%	-	3.5%
Pre-Tax Margin, as adjusted ¹	10.0%	-	12.0%			
Revenue						
Consolidated PRASM (¢/ASM)	12.65	-	12.90			
Year-Over-Year Change Higher/(Lower)	1.0%	-	3.0%			
Cargo and Other Revenue (\$M)	\$1,260	-	\$1,360			
Non-Fuel Operating Expense						
Consolidated CASM Excluding Fuel, Profit Sharing & Third-Party Business Expenses ¹ (¢/ASM)	9.95	-	10.05	10.06	-	10.15
Year-Over-Year Change Higher/(Lower)	4.0%	-	5.0%	2.5%	-	3.5%
Third-Party Business Expenses ² (\$M)	\$75	-	\$80			
Aircraft Rent (\$M)	\$155	-	\$160			
Depreciation and Amortization (\$M)	\$540	-	\$545			
Profit Sharing (\$M)	\$100	-	\$130			
Consolidated Fuel Expense						
Fuel Consumption (Million Gallons)	1,020	-	1,030			
Consolidated Average Aircraft Fuel Price per Gallon ^{3,4}	\$1.72	-	\$1.77			
Non-Operating Expense (\$M)	\$110	-	\$140			
Effective Income Tax Rate		-	36%			
Gross Capital Expenditures ⁵ (\$M)	\$1,200	-	\$1,220	\$4,200	-	\$4,400
Diluted Share Count ⁶ (M)		-	310			

1. Excludes special charges, the nature and amount of which are not determinable at this time

2. Third-party business revenue associated with third-party business expenses is recorded in other revenue

3. Fuel price including taxes and fees

4. This price per gallon corresponds to fuel expense as reported in the income statement

5. Capital expenditures include net purchase deposits and are further adjusted to include assets acquired through the issuance of debt and airport construction financing while 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

6. Does not include an assumption related to future share repurchases. Diluted share count is approximately equal to basic share count

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Non-Fuel Expense: The guidance provided in this investor update includes the impact of all labor agreements ratified in 2016, which is expected to add approximately 4 points of impact to unit costs in the second quarter of 2017 and 3 to 4 points of impact to unit costs for the full year of 2017.

Profit Sharing: Due to recently ratified labor agreements, the Company's profit sharing plans have changed for 2017. The Company now expects to pay:

- Approximately 7.6% of total adjusted earnings up to a 6.9% adjusted pre-tax margin
- Approximately 13.6% 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 items, profit sharing expense and share-based compensation program expense. These estimates are consistent with the Company's current labor agreements. The Company estimates that share-based compensation expense for the purposes of the profit sharing calculation will be approximately \$45 million through the second quarter of 2017.

Taxes: The Company expects a tax rate of approximately 36% for the second quarter of 2017. However, the Company expects that there will be no material cash taxes paid for the second quarter of 2017 due to United's net operating loss carryforwards (NOLs), which were approximately \$4.4 billion as of year-end 2016.

Second-Quarter and Full-Year 2017 Capacity

	Estimated 2Q 2017 Year-Over-Year % Change Higher/(Lower)		Estimated FY 2017 Year-Over-Year % Change Higher/(Lower)	
Capacity (Million ASMs)				
Consolidated Capacity				
Domestic	4.5%	- 5.5%	3.5%	- 4.5%
International	1.5%	- 2.5%	1.0%	- 2.0%
Total Consolidated Capacity	3.0%	- 4.0%	2.5%	- 3.5%

Fleet Plan

As of April 17, 2017, the Company's fleet plan was as follows:

	<u>YE 2016</u>	<u>YE 2017</u>	<u>FY Δ</u>
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
Total Mainline Aircraft	737	742	5
	<u>YE 2016</u>	<u>YE 2017</u>	<u>FY Δ</u>
Q300	5	-	(5)
Q200	16	16	-
Embraer ERJ 145	183	159	(24)
Embraer ERJ 135	5	5	-
CRJ200	50	55	5
CRJ700	79	65	(14)
Embraer 170	38	38	-
Embraer E175	118	151	33
Total Regional Aircraft	494	489	(5)

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GAAP to Non-GAAP Reconciliations

UAL is providing guidance utilizing various accounting principles generally accepted in the United States of America ("GAAP") and Non-GAAP financial measures, including pre-tax margin, as adjusted and cost per available seat mile ("CASM"), as adjusted. 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. Non-GAAP financial measures are presented because they provide management and investors the ability to measure and monitor UAL's performance on a consistent basis.

Pursuant to SEC Regulation G, UAL has included the following reconciliation of reported Non-GAAP financial measures to comparable financial measures reported on a GAAP basis.

UAL believes excluding profit sharing 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. UAL believes that adjusting for special charges is useful to investors because they 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 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.

Consolidated Unit Cost (¢/ASM)	Estimated 2Q 2017	
Consolidated CASM Excluding Special Charges (a)	12.81	13.07
Less: Profit Sharing Expense	0.15	0.19
Consolidated CASM Excluding Profit Sharing & Special Charges	12.66	12.88
Less: Third-Party Business Expense	0.10	0.12
Consolidated CASM Excluding Profit Sharing, Third-Party Business Expenses & Special Charges	12.56	12.76
Less: Fuel Expense (b)	2.61	2.71
Consolidated CASM Excluding Fuel, Profit Sharing, Third-Party Business Expense & Special Charges	9.95	10.05

Consolidated Unit Cost (¢/ASM)	Estimated FY 2017	
Consolidated CASM Excluding Profit Sharing & Special Charges (a)	12.79	13.05
Less: Third-Party Business Expense and Fuel Expense (b)	2.73	2.90
Consolidated CASM Excluding Fuel, Profit Sharing, Third-Party Business Expense & Special Charges	10.06	10.15

(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.

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

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

Certain statements included in this investor update 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," "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 investor update are based upon information available to us on the date of this investor update. 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: our ability to comply with 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 benefits from our resource optimization efforts, cost reduction initiatives and fleet replacement programs; costs associated with any modification or termination of our aircraft orders; our ability to utilize our net operating losses; our ability to attract and retain customers; potential reputational or other impact from adverse events in our operations; demand for transportation in the markets in which we operate; an outbreak of a disease that affects travel demand or travel behavior; demand for travel and the impact that global economic and political conditions have on customer travel patterns; excessive taxation and the inability to offset future taxable income; 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); 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 fuel or currency hedging programs; economic and political instability and other risks of doing business globally; the effects of any hostilities, act of war or terrorist attack; 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; the effects of any technology failures or cybersecurity breaches; disruptions to our regional network; the costs and availability of aviation and other insurance; industry consolidation or changes in airline alliances; 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 capacity decisions of our competitors; U.S. or foreign governmental legislation, regulation and other actions (including Open Skies agreements and environmental regulations); the impact of regulatory, investigative and legal proceedings and legal compliance risks; the impact of any management changes; 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; weather conditions; 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, 2016, 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.

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

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