

**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): December 22, 2011

**UNITED CONTINENTAL HOLDINGS, INC.  
UNITED AIR LINES, INC.  
CONTINENTAL AIRLINES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
Delaware  
Delaware  
(State or other jurisdiction  
of incorporation)

001-06033  
001-11355  
001-10323  
(Commission  
File Number)

36-2675207  
36-2675206  
74-2099724  
(IRS Employer  
Identification Number)

77 W. Wacker Drive, Chicago, IL  
77 W. Wacker Drive, Chicago, IL  
1600 Smith Street, Dept. HQSEO, Houston, Texas  
(Address of principal executive offices)

60601  
60601  
77002  
(Zip Code)

(312) 997-8000  
(312) 997-8000  
(713) 324-2950

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))

**Item 7.01 Regulation FD Disclosure.**

On December 22, 2011, United Continental Holdings, Inc., the holding company whose primary subsidiaries are United Air Lines, Inc. and Continental Airlines, Inc., issued an investor update related to its financial and operational outlook for the fourth quarter and full year 2011. A copy of the investor update is attached as Exhibit 99.1 and is incorporated herein by reference.

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, 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.**

<u>Exhibit No.</u>	<u>Description</u>
99.1*	United Continental Holdings, Inc. Investor Update dated December 22, 2011

\* Furnished herewith electronically.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**UNITED CONTINENTAL HOLDINGS, INC.**  
**UNITED AIR LINES, INC.**  
**CONTINENTAL AIRLINES, INC.**

By: /s/ Chris Kenny

Name: Chris Kenny

Title: Vice President and Controller

Date: December 22, 2011

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1*	United Continental Holdings, Inc. Investor Update dated December 22, 2011

\* Furnished herewith electronically.

**Investor Update****Issue Date: Dec. 22, 2011**

This investor update provides forward-looking information about United Continental Holdings, Inc. (the “Company” or “UAL”) for the fourth quarter and full year 2011. Except for the fourth quarter information, all year-over-year comparisons are based on the pro forma combined company financial statements published in our April 2011 Investor Update which can be found on our website at <http://ir.unitedcontinentalholdings.com> under *Investor Updates* in the Investor Resources section of the website.

**Capacity**

The Company estimates its fourth quarter 2011 combined consolidated domestic available seat miles (“ASMs”) to decrease 4.8% and combined consolidated international ASMs to decrease 0.2% for a combined consolidated system ASMs decrease of 2.9% as compared to the same period in the prior year. For the full year, the Company estimates its combined consolidated system ASMs to decrease 0.3% year-over-year.

**Revenue Guidance**

The Company expects fourth quarter consolidated passenger revenue per ASM (“PRASM”) to grow between 8.5% and 9.5% year-over-year and full year consolidated PRASM to grow between 9.0% and 10.0% year-over-year. The Company expects fourth quarter cargo and other revenue to be between \$1.04 billion and \$1.08 billion.

**Non-Fuel Expense Guidance**

The Company expects fourth quarter consolidated cost per ASM (CASM), excluding fuel, profit sharing, certain accounting charges and merger-related expenses to be up 2.2% to 2.7% year-over-year. For the full year, the Company expects CASM, excluding fuel, profit sharing, certain accounting charges and merger-related expenses to be up 2.1% to 2.4% year-over-year.

In an effort to provide more meaningful disclosure, going forward the Company will provide non-fuel CASM guidance excluding ancillary business expenses not associated with the generation of a seat mile (third-party businesses). These ancillary businesses include activities such as maintenance, ground handling and catering services for third parties and non-air mileage redemptions. The Company expects to record approximately \$240 million of ancillary business expenses in 2011 and corresponding revenue associated with these activities is included in the other revenue guidance provided. Following the Fourth Quarter and Full Year 2011 Financial Outlook section of this Investor Update is a table of mainline and consolidated CASM excluding fuel, profit sharing and ancillary business expense and aggregate ancillary business expense by quarter for 2011. The Company will begin reporting CASM excluding ancillary business expenses with its fourth quarter 2011 earnings release in January 2012.

**Fuel Expense**

The Company estimates its consolidated fuel price, including the impact of settled cash hedges, to be \$3.22 per gallon for the fourth quarter and \$3.07 per gallon for the full year based on the forward curve as of Dec. 15, 2011.

**Non-Operating Income/(Expense)**

The Company estimates fourth quarter non-operating expense to be between \$195 million and \$215 million. For the full year, the Company estimates non-operating expense to be between \$985 million and \$1,005 million. Non-operating income/(expense) includes interest expense, capitalized interest, interest income and other non-operating income/(expense).

**Profit Sharing and Stock Based Compensation**

The Company pays 15% of total GAAP pre-tax profits, excluding special items and stock compensation program expense, as profit sharing to employees when pre-tax profit, excluding special items, profit sharing expense and stock compensation program expense, exceeds \$10 million. Profit sharing expense is accrued on a year-to-date basis, and \$242 million has been accrued through the third quarter of 2011. Stock compensation expense for the purposes of the profit sharing calculation is estimated to be approximately \$10 million in the fourth quarter and \$37 million for the full year 2011.

**Capital Expenditures and Scheduled Debt and Capital Lease Payments**

In the fourth quarter, the Company expects approximately \$205 million of gross and net capital expenditures excluding purchase deposits of \$17 million. For the full year, excluding \$139 million of purchase deposits, the Company expects approximately \$850 million of gross capital expenditures and \$720 million net capital expenditures.

The Company estimates scheduled debt and capital lease payments for the fourth quarter to be \$0.4 billion. For the full year, the Company estimates scheduled debt and capital leases to be \$2.4 billion. Including all debt pre-payments year-to-date, the Company expects debt and capital lease payments of \$2.6 billion in 2011.

**New Revolving Credit Facility**

The Company entered into a new \$500 million revolving credit facility today with a syndicate of banks, led by Citibank, N.A., as administrative agent. The facility terminates on January 30, 2015 and is secured by certain take-off and landing slots at Newark Liberty International, LaGuardia and Ronald Reagan Washington National Airports and certain other assets of United and Continental. The Company terminated its prior \$255 million revolving credit facility on December 21, 2011.

### Liquidity Position

The Company expects to end the year with approximately \$8.3 billion in unrestricted liquidity, including approximately \$7.8 billion of unrestricted cash, cash equivalents and short-term investments and an additional \$500 million in undrawn commitments under the new revolving credit facility.

### Taxes

The Company currently expects to record minimal cash taxes in 2011.

### Advance Booked Seat Factor (Percentage of Available Seats that are Sold)

Compared to the same period last year, for the next six weeks, mainline domestic advance booked seat factor is up 3.7 points, mainline international advance booked seat factor is flat, mainline Atlantic advance booked seat factor is down 1.8 points, mainline Pacific advance booked seat factor is down 2.7 points and mainline Latin America advance booked seat factor is up 3.3 points. Regional advance booked seat factor is up 2.1 points.

## Company Outlook

### Fourth Quarter and Full Year 2011 Operational Outlook

	Estimated		Year-Over-Year %		Estimated		Year-Over-Year %	
	4Q 2011		Change Higher/(Lower)		Full Year 2011		Change Higher/(Lower) <sup>1</sup>	
<b>Capacity (Million ASM)</b>								
Mainline Capacity								
Domestic	26,869		(5.5%)		111,558		(2.9%)	
Atlantic	11,344		(2.2%)		49,170		2.3%	
Pacific	9,563		0.6%		38,207		1.0%	
Latin America	4,679		2.6%		20,319		5.3%	
<b>Total Mainline Capacity</b>	<b>52,456</b>		<b>(3.0%)</b>		<b>219,254</b>		<b>(0.4%)</b>	
<b>Regional<sup>2</sup></b>	<b>8,011</b>		<b>(1.8%)</b>		<b>33,021</b>		<b>(0.1%)</b>	
Consolidated Capacity								
Domestic	34,638		(4.8%)		143,630		(2.3%)	
International	25,829		(0.2%)		108,645		2.3%	
<b>Total Consolidated Capacity</b>	<b>60,467</b>		<b>(2.9%)</b>		<b>252,275</b>		<b>(0.3%)</b>	
<b>Traffic (Million RPM)</b>								
Mainline Traffic								
Domestic	22,509	- 22,747	(5.6%)	- (4.6%)	94,438	- 95,413	(3.1%)	- (2.1%)
Atlantic	8,898	- 8,992	(4.7%)	- (3.7%)	39,123	- 39,520	(1.4%)	- (0.4%)
Pacific	7,696	- 7,776	(3.7%)	- (2.7%)	31,151	- 31,470	(2.3%)	- (1.3%)
Latin America	3,671	- 3,706	2.4%	- 3.4%	15,997	- 16,152	3.1%	- 4.1%
<b>Total Mainline System Traffic</b>	<b>42,774</b>	<b>- 43,221</b>	<b>(4.4%)</b>	<b>- (3.4%)</b>	<b>180,709</b>	<b>- 182,555</b>	<b>(2.1%)</b>	<b>- (1.1%)</b>
<b>Regional Traffic<sup>2</sup></b>	<b>6,264</b>	<b>- 6,328</b>	<b>(1.2%)</b>	<b>- (0.1%)</b>	<b>25,593</b>	<b>- 25,853</b>	<b>(1.4%)</b>	<b>- (0.4%)</b>
Consolidated System Traffic								
Domestic System	28,590	- 28,890	(4.7%)	- (3.7%)	119,321	- 120,548	(2.7%)	- (1.7%)
International System	20,448	- 20,659	(3.0%)	- (2.0%)	86,981	- 87,860	(1.0%)	- 0.0%
<b>Total Consolidated System Traffic</b>	<b>49,038</b>	<b>- 49,549</b>	<b>(4.0%)</b>	<b>- (3.0%)</b>	<b>206,302</b>	<b>- 208,408</b>	<b>(2.0%)</b>	<b>- (1.0%)</b>
<b>Load Factor</b>								
Mainline Load Factor								
Domestic	83.8%	- 84.7%	(0.1) pts.	- 0.8 pts.	84.5%	- 85.6%	(0.3) pts.	- 0.8 pts.
Atlantic	78.4%	- 79.3%	(2.1) pts.	- (1.2) pts.	79.5%	- 80.5%	(3.1) pts.	- (2.1) pts.
Pacific	80.5%	- 81.3%	(3.6) pts.	- (2.7) pts.	81.4%	- 82.5%	(2.8) pts.	- (1.8) pts.
Latin America	78.5%	- 79.2%	(0.1) pts.	- 0.6 pts.	78.6%	- 79.6%	(1.8) pts.	- (0.9) pts.
<b>Total Mainline Load Factor</b>	<b>81.5%</b>	<b>- 82.4%</b>	<b>(1.2) pts.</b>	<b>- (0.3) pts.</b>	<b>82.3%</b>	<b>- 83.4%</b>	<b>(1.6) pts.</b>	<b>- (0.5) pts.</b>
<b>Regional Load Factor<sup>2</sup></b>	<b>78.2%</b>	<b>- 79.0%</b>	<b>0.5 pts.</b>	<b>- 1.3 pts.</b>	<b>77.4%</b>	<b>- 78.4%</b>	<b>(1.2) pts.</b>	<b>- (0.2) pts.</b>
Consolidated Load Factor								
Domestic	82.5%	- 83.4%	0.0 pts.	- 0.9 pts.	83.0%	- 84.0%	(0.5) pts.	- 0.5 pts.
International	79.2%	- 80.0%	(2.3) pts.	- (1.5) pts.	80.0%	- 81.0%	(2.8) pts.	- (1.8) pts.
<b>Total Consolidated Load Factor</b>	<b>81.1%</b>	<b>- 81.9%</b>	<b>(0.9) pts.</b>	<b>- (0.1) pts.</b>	<b>81.7%</b>	<b>- 82.7%</b>	<b>(1.5) pts.</b>	<b>- (0.5) pts.</b>

1. Year-over-year comparisons to 2010 pro forma operating statistics for United Airlines and Continental Airlines.

2. Regional results reflect flights operated under capacity purchase agreements and flights operated as part of our joint venture with Aer Lingus.

## Company Outlook

### Fourth Quarter and Full Year 2011 Financial Outlook

	Estimated 4Q 2011		Year-Over-Year % Change Higher/(Lower)			Estimated Full Year 2011		Year-Over-Year % Change Higher/(Lower) <sup>1</sup>				
<b>Revenue (¢/ASM, except Cargo and Other Revenue)</b>												
Mainline Passenger Unit Revenue	11.85	- 11.96	7.5%	-	8.5%	11.87	- 11.97	8.8%	-	9.8%		
Regional Passenger Unit Revenue	20.23	- 20.41	11.6%	-	12.6%	19.89	- 20.07	9.7%	-	10.7%		
Consolidated Passenger Unit Revenue	12.96	- 13.08	8.5%	-	9.5%	12.92	- 13.03	9.0%	-	10.0%		
Cargo and Other Revenue (\$B)	\$ 1.04	- \$ 1.08				\$ 4.28	- \$ 4.31					
<b>Operating Expense<sup>2</sup> (¢/ASM)</b>												
Mainline Unit Cost Excluding Profit Sharing	13.56	- 13.61	11.8%	-	12.2%	12.82	- 12.84	10.9%	-	11.0%		
Regional Unit Cost	19.47	- 19.52	7.7%	-	8.0%	19.40	- 19.42	10.8%	-	10.9%		
Consolidated Unit Cost Excluding Profit Sharing	14.34	- 14.39	11.1%	-	11.5%	13.68	- 13.70	10.9%	-	11.0%		
<b>Non-Fuel Expense<sup>2</sup> (¢/ASM)</b>												
Mainline Unit Cost Excluding Profit Sharing & Fuel	8.75	- 8.80	3.2%	-	3.7%	8.27	- 8.29	2.7%	-	3.0%		
Regional Unit Cost Excluding Fuel	12.01	- 12.06	(2.5%)	-	(2.1%)	12.02	- 12.04	(0.6%)	-	(0.4%)		
Consolidated Unit Cost Excluding Profit Sharing & Fuel	9.18	- 9.23	2.2%	-	2.7%	8.76	- 8.78	2.1%	-	2.4%		
<b>Select Expense Measures (\$M)</b>												
Aircraft Rent						\$250						
Depreciation and Amortization						\$390						
<b>Fuel Expense</b>												
Mainline Fuel Consumption (Million Gallons)						790						
Regional Fuel Consumption (Million Gallons)						180						
Consolidated Fuel Consumption (Million Gallons)						970						
Consolidated Fuel Price Excluding Hedges						\$3.20 / Gallon						
Consolidated Fuel Price Including Cash Settled Hedges						\$3.22 / Gallon						
<b>Non-Operating Expense (\$M)</b>												
					\$ 195	- \$ 215						
					\$985	- \$1,005						
<b>Income Taxes</b>												
Income Tax Rate						0%						
<b>Capital Expenditures (\$M)</b>												
Gross Capital Expenditures ex Purchase Deposits						\$205						
Net Capital Expenditures ex Purchase Deposits						\$205						
Purchase Deposits						\$17						
<b>Debt and Capital Lease Obligations (\$B)</b>												
Scheduled Debt and Capital Lease Obligations						\$0.4						
<b>Liquidity Position (\$B)</b>												
					Unrestricted Cash, Cash Equivalents & Available							
					Revolving Credit Facility							
							\$8.3					

### 2011 Non-Fuel Expense Excluding Ancillary Business Quarterly Detail

In the January 2012 Investor Update, the Company will begin to issue CASM guidance excluding fuel, profit sharing and ancillary business expense. The table below provides actual and estimated quarterly non-fuel CASM excluding ancillary business expense and ancillary business expense for 2011.

	1Q 2011	2Q 2011	3Q 2011	Estimated 4Q 2011		Estimated FY 2011	
<b>2011 Non-Fuel Expense<sup>2</sup> (¢/ASM)</b>							
Mainline Unit Cost Excluding Fuel, Profit Sharing and Ancillary Business Expense	8.37	7.90	7.79	8.63	- 8.68	8.16	- 8.18
Consolidated Unit Cost Excluding Fuel, Profit Sharing and Ancillary Business Expense	8.91	8.43	8.31	9.07	- 9.12	8.66	- 8.68
<b>Ancillary Business Expense<sup>2</sup> (\$M)</b>	\$ 58	\$ 60	\$ 57	\$65		\$240	

1. Year-over-year comparisons to 2010 pro forma operating statistics for United Airlines and Continental Airlines.
2. Excludes special charges.

## Company Outlook

### Fuel Hedge Positions by Quarter

As of Dec. 15, 2011, the Company had hedged approximately 41% of its expected first half of 2012 consolidated fuel consumption; further details are as follows:

		4Q 2011		1Q 2012		2Q 2012	
		% of Expected Consumption	Weighted Average Strike Price	% of Expected Consumption	Weighted Average Strike Price	% of Expected Consumption	Weighted Average Strike Price
WTI Crude Oil Swaps	(\$/bbl)	10%	\$92.03	2%	\$94.43	—	
Heating Oil Swaps	(\$/gal)	4%	2.93	1%	2.93	—	
Jet Fuel Swaps	(\$/gal)	4%	3.03	5%	2.90	—	
WTI Crude Oil Call Options	(\$/bbl)	12%	98.79	2%	99.40	—	
Heating Oil Call Options	(\$/gal)	5%	3.23	15%	3.23	12%	\$3.20
Jet Fuel Call Options	(\$/gal)	2%	3.21	—		—	
Brent Crude Collar	(\$/bbl)	—		0%	115.0 83.0	2%	115.0 80.6
Heating Oil Collar	(\$/gal)	19%	3.27 2.63	22%	3.17 2.57	22%	3.08 2.46
<b>Total</b>		<b>56%</b>		<b>47%</b>		<b>36%</b>	

### Fuel Price Sensitivity

The table below outlines the Company's estimated settled hedge impacts at various crude oil prices, based on the hedge portfolio as of Dec. 15, 2011:

Crude Oil Price*	Cash Settled Hedge Impact	1Q11	2Q11	3Q11	4Q11	FY11
<b>\$110 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.24	\$ 3.21
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.01	(\$ 0.13)
<b>\$105 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.22	\$ 3.20
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.02	(\$ 0.12)
<b>\$100 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.20	\$ 3.20
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.02	(\$ 0.12)
<b>\$98.95 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.20	\$ 3.20
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.02	(0.12)
<b>\$95 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.18	\$ 3.19
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.03	(\$ 0.12)
<b>\$90 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.16	\$ 3.19
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.03	(\$ 0.12)
<b>\$85 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.14	\$ 3.18
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.03	(\$ 0.12)
<b>\$80 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.12	\$ 3.18
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.04	(\$ 0.12)
<b>\$75 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.10	\$ 3.17
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.04	(\$ 0.12)
<b>\$70 per Barrel</b>	Fuel Price Excluding Hedge** (\$/gal)	\$ 2.94	\$ 3.38	\$ 3.24	\$3.08	\$ 3.17
	Increase/(Decrease) to Fuel Expense (\$/gal)	(\$0.16)	(\$0.27)	(\$0.08)	0.05	(\$ 0.12)

\* Projected impacts assume a common, parallel jet fuel refining crack spread consistent with Dec. 15, 2011 forward prices and a parallel crude forward price curve consistent with Dec. 15, 2011 forward prices. Row headings refer to illustrative spot closing prices on Dec. 15, 2011.

\*\* Fuel price per gallon excluding hedge impacts, but including taxes and transportation costs.



## Company Outlook

### Share Count

These share count charts are based upon several assumptions including market stock price and number of shares outstanding. The number of shares used in the actual earnings per share calculation will likely be different from those set forth below.

<u>Net Income</u>	<u>4Q 2011 (Estimated)</u>		
	<u>Basic Share Count</u> (in millions)	<u>Diluted Share Count</u> (in millions)	<u>Interest Add-back</u> (in \$ millions)
Less than or equal to \$0	330	330	\$ —
\$1 million - \$36 million	330	331	—
\$37 million - \$61 million	330	371	4
\$62 million - \$111 million	330	383	7
\$112 million - \$371 million	330	388	8
\$372 million or greater	330	392	12

<u>Net Income</u>	<u>Full Year 2011 (Estimated)</u>		
	<u>Basic Share Count</u> (in millions)	<u>Diluted Share Count</u> (in millions)	<u>Interest Add-back</u> (in \$ millions)
Less than or equal to \$0	329	329	\$ —
\$1 million - \$144 million	329	331	—
\$145 million - \$247 million	329	371	17
\$248 million - \$1,097 million	329	383	26
\$1,098 million - \$1,488 million	329	394	59
\$1,489 million or greater	329	398	76

### Non-GAAP To GAAP Reconciliations

Pursuant to SEC Regulation G, the Company has included the following reconciliation of reported non-GAAP financial measures to comparable financial measures reported on a GAAP basis. The Company believes that excluding fuel costs and certain other items from some 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, and the effects of certain other items that would otherwise make analysis of the Company's operating performance more difficult.

	<u>1Q</u> <u>2011</u> <u>Actual</u>	<u>2Q</u> <u>2011</u> <u>Actual</u>	<u>3Q</u> <u>2011</u> <u>Actual</u>	<u>4Q 2011</u> <u>Estimate</u>		<u>FY 2011</u> <u>Estimate</u>		
				<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	
<b>Mainline Unit Cost (¢/ASM)</b>								
Mainline CASM Excluding Profit Sharing	12.70	12.81	12.79	13.56	13.61	12.82	12.84	
Less: Special Items and other exclusions (a)	0.14	0.26	0.21	—	—	—	—	
Mainline CASM Excluding Profit Sharing & Special Items (b)	12.56	12.55	12.58	13.56	13.61	12.82	12.84	
Less: Fuel Expense (c)	4.08	4.54	4.69	4.81	4.81	4.55	4.55	
Mainline CASM Excluding Profit Sharing, Fuel & Special Items (c)	8.48	8.01	7.89	8.75	8.80	8.27	8.29	
Less: Ancillary Business Expense	0.11	0.11	0.10	0.12	0.12	0.11	0.11	
Mainline CASM Excluding Profit Sharing, Fuel, Ancillary Business Expense & Special Items (b)	8.37	7.90	7.79	8.63	8.68	8.16	8.18	
				<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	
<b>Regional Unit Cost (¢/ASM)</b>								
Regional CASM				19.47	19.52	19.40	19.42	
Less: Fuel Expense				7.46	7.46	7.38	7.38	
Regional CASM Excluding Fuel				12.01	12.06	12.02	12.04	
				<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Low</u>	<u>High</u>
<b>Consolidated Unit Cost (¢/ASM)</b>								
Consolidated CASM Excluding Profit Sharing	13.57	13.71	13.63	14.34	14.39	13.68	13.70	
Less: Special Items and other exclusions (a)	0.12	0.23	0.18	—	—	—	—	
Consolidated CASM Excluding Profit Sharing & Special Items (b)	13.45	13.48	13.45	14.34	14.39	13.68	13.70	
Less: Fuel Expense (c)	4.44	4.96	5.06	5.16	5.16	4.92	4.92	
Consolidated CASM Excluding Profit Sharing, Fuel & Special Items (c)	9.01	8.52	8.39	9.18	9.23	8.76	8.78	
Less: Ancillary Business Expense	0.10	0.09	0.08	0.11	0.11	0.10	0.10	
Consolidated CASM Excluding Profit Sharing, Fuel, Ancillary Business Expense & Special Items (b)	8.91	8.43	8.31	9.07	9.12	8.66	8.68	

- (a) Operating expense per ASM – CASM excludes special items, the impact of certain primarily non-cash impairment, severance and other similar accounting charges. While the Company anticipates that it will record such special items and charges throughout the year and may record profit sharing, at this time the Company is unable to provide an estimate of these items with reasonable certainty.
- (b) These financial measures provide management and investors the ability to measure and monitor the Company's performance on a consistent basis.
- (c) 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 financial 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” and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements which 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; our ability to control our costs, including realizing benefits from our resource optimization efforts, cost reduction initiatives and fleet replacement programs; our ability to utilize our net operating losses; our ability to attract and retain customers; 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 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 aviation fuel and energy refining capacity in relevant markets); our ability to cost-effectively hedge against increases in the price of aviation fuel; any potential realized or unrealized gains or losses related to 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 alliances or partnerships to provide the services contemplated by the respective arrangements with such carriers; the costs and availability of aviation and other insurance; the costs associated with security measures and practices; industry consolidation or changes in airline alliances; 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); labor costs; our ability to maintain satisfactory labor relations and the results of the collective bargaining agreement process with our union groups; any disruptions to operations due to any potential actions by our labor groups; weather conditions; the possibility that expected merger synergies will not be realized or will not be realized within the expected time period; and other risks and uncertainties set forth under Item 1A., Risk Factors of our Annual Report on Form 10-K, as well as other risks and uncertainties set forth from time to time in the reports we file with the SEC. Consequently, forward-looking statements should not be regarded as representations or warranties by us that such matters will be realized.

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