
**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): November 15, 2016

**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 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))
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Item 7.01 Regulation FD Disclosure

United Continental Holdings, Inc. (“UAL”), the holding company whose primary subsidiary is United Airlines, Inc., will host an Investor Day conference on Tuesday, November 15, 2016. The conference will be webcast. Attached hereto as Exhibit 99.1 and 99.2, respectively, are the press release issued in connection with the conference and slides that will be presented at the conference.

The information in this Item 7.01, including Exhibit 99.1 and 99.2, 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 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* | Press Release issued by United Continental Holdings, Inc. dated November 15, 2016 |
| 99.2* | United Continental Holdings, Inc. Investor Day slide presentation delivered on November 15, 2016 |

* Furnished herewith electronically.

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: Andrew C. Levy

Name: Andrew C. Levy

Title: Executive Vice President and Chief Financial Officer

Date: November 15, 2016

EXHIBIT INDEX

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* Furnished herewith electronically.

News Release

United Airlines
Worldwide Media Relations
 872.825.8640
 media.relations@united.com



**United Sets Course To Be Best Airline
 For Employees, Customers, and Investors**

Introduces further choice for customers with new Basic Economy fares;

Expects to unlock \$4.8 billion in value by 2020 with earnings initiatives;

Updates narrowbody order book, reducing capital expenditures by approximately \$1 billion by 2017 -2018

Chicago, Nov. 15, 2016 – United Airlines will present to its investors today plans for long-term earnings growth through a number of strategic initiatives across the airline. These initiatives include improving network connectivity and revenue management, broadening product segmentation and introducing additional customer enhancements. Along with maintaining disciplined cost control, this strategy is expected to generate \$4.8 billion in earnings improvement by 2020.

“As we approach the new year, our operations are running well, our employees are more energized than ever, and we are ready to unlock United’s full potential,” said Oscar Munoz, chief executive officer. “Today, we are talking about what’s next for United. We now have the strategy and organization in place to be the best airline in the world – for employees, customers and investors.”

More Choice for Customers

To further meet customers’ needs and provide more options to price-sensitive travelers, the company announced the introduction of Basic Economy fares. This new offering provides customers the option of paying the lowest fares to their destinations, while still receiving the same standard economy experience, including food, beverage, Wi-Fi and personal device entertainment, with a few key differences. Customers who choose Basic Economy will be assigned seats on the day of departure, be assigned to boarding group five and be permitted only one personal carry-on item that must fit under the seat. The new offering provides the added benefit for customers and employees of simplifying the boarding process, as fewer customers will bring overhead bags on board. Complete details on Basic Economy can be found at united.com/basicconomy.

“Customers have told us that they want more choice and Basic Economy delivers just that,” said Julia Haywood, executive vice president and chief commercial officer. “By offering low fares while also offering the experience of traveling on our outstanding network, with a variety of onboard amenities and great customer service, we are giving our customers an additional travel option from what United offers today.”

In addition to Basic Economy, United will continue to offer economy, Economy Plus and domestic first class, and it remains on track to introduce its reimagined international premium travel experience, United Polaris, on December 1. The company is evaluating a new premium economy experience for domestic and international markets.

Optimize Network and Revenue Management

The company also announced its plans to fully optimize its network potential by continuing to leverage its leading international position while strengthening its domestic network, including improving the bank structures at key hubs in Chicago, Houston, and Newark/New York, and further improving both schedules and product in top business markets.

In addition, United is improving its revenue management system to more accurately forecast demand to better maximize profitability on each flight. The company expects these system improvements to drive \$900 million of incremental revenue by 2019.

“We have the best people and network, with ever-improving products, and importantly have the most opportunity to improve our margins among our industry peers,” said Scott Kirby, president. “As we strengthen both our domestic and international networks, we will ensure we are offering our customers the right flights to the right destinations at the right time.”

Adjusting Aircraft Order Book

The company announced a modification to its narrowbody order book. The company is converting its original order for 65 737-700 aircraft into 4 737-800 aircraft to be delivered in 2017 while the remaining 61 will be converted into orders for 737 MAX aircraft, with delivery dates to be determined. These changes will allow United to take advantage of the superior fuel efficiency of the MAX aircraft while also reducing capital expenditures by approximately \$1.6 billion through 2018.

In addition, the company has agreed to purchase 24 Embraer 175 aircraft from Embraer, instead of leasing these aircraft through a capacity purchase agreement as was originally planned. These aircraft will be leased to third party carriers operating as United Express.

“The realignment of our order book shifts our focus to ensuring our capital investments support earnings growth. We will continue to look at profitable opportunities in the new and used aircraft market to generate the highest ROIC,” said Andrew Levy, executive vice president and chief financial officer. “We have made important investments in our people and product this year, and will continue to make investments in the business to ensure increased profitability while maintaining a strong balance sheet.”

Continued Strong Cost Control

The company will continue its rigorous cost management program and expects 2017 unit costs to grow 3.5% to 4.5% excluding fuel. The company expects 2018-2020 unit costs excluding fuel to grow less than 1% per year due in part to its plan to remove \$700 million of costs by 2020, as compared to 2015 levels.

Building on Current Success

United has made significant progress in operational reliability, with an improvement of nearly 10 percentage points year-to-date in on-time departures. The company plans to further improve performance with a specific focus on decreasing the time it takes to turn narrowbody aircraft, continuing to reduce long delays and cancellations, and executing on previously announced fleet reliability measures.

The company also is accelerating its mobile strategy, including next steps for its award-winning mobile app, which has more than 14 million downloads, expanding the types of transactions customers can make throughout their journey, including managing documentation for international travel and expanded rebooking options. In addition, the company made further progress this year in providing mobile tools to the majority of its operational employees.

United currently has ratified agreements for all of its employee groups, with the exception of its technicians, who are represented by the International Brotherhood of Teamsters. The technicians are expected to vote on their contract before the end of the year.

Webcast Details

United's 2016 Investor Day will begin today at 9:00 a.m. ET. A live, listen-only webcast of the presentations and question-and-answer session will be available at ir.united.com. The webcast will be available for replay within 24 hours of the conference call and then archived on the website for a limited time.

About United

United Airlines and United Express operate more than 4,500 flights a day to 339 airports across five continents. In 2015, United and United Express operated more than 1.5 million flights carrying more than 140 million customers. United is proud to have the world's most comprehensive route network, including U.S. mainland hubs in Chicago, Denver, Houston, Los Angeles, New York/Newark, San Francisco and Washington, D.C. United operates more than 720 mainline aircraft, and this year, the airline anticipates taking delivery of 21 new Boeing aircraft, including 737NGs, 787s and 777s, as well as six used Airbus A319 aircraft. The airline is a founding member of Star Alliance, which provides service to 192 countries via 28 member airlines. For more information, visit united.com, follow @United on Twitter or connect on Facebook. The common stock of United's parent, United Continental Holdings, Inc., is traded on the NYSE under the symbol UAL.

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

Certain statements included in this press release are forward-looking and thus reflect our current expectations and beliefs with respect to certain 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 press release are based upon information available to us on the date of this press release. 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; 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 aircraft fuel and energy refining capacity in relevant markets); economic and political instability and other risks of doing business globally; our ability to cost-effectively hedge against increases in the price of aircraft 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; disruptions to our regional network; the costs and availability of aviation and other insurance; 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); 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 the 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 UAL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, 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.

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UNITED CONTINENTAL HOLDINGS, INC.
NON-GAAP FINANCIAL RECONCILIATION

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 income (loss) excluding special items, operating margin excluding special items, and consolidated unit cost (CASM), as adjusted, 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 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.

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

| | Twelve Months Ended December 31, 2017E | |
|---|--|-------------|
| | Low | High |
| Non-Fuel CASM Consolidated Operations (year-over-year percentage change) | | |
| CASM, excluding special charges and profit sharing (a) | 4.9% | 6.7% |
| Less: Third-party business expenses | (0.2) | 0.0 |
| CASM, excluding special charges, profit sharing and third-party business expenses | 5.1 | 6.7 |
| Less: Fuel expense | 1.6 | 2.2 |
| CASM, excluding special charges, profit sharing, third-party business expenses and fuel | <u>3.5%</u> | <u>4.5%</u> |

- (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.

Investor Day

November 15, 2016



UNITED 
A STAR ALLIANCE MEMBER 

Safe Harbor Statement

Certain statements included in this presentation are forward-looking and thus reflect our current expectations and beliefs with respect to certain 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 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: 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; 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 aircraft fuel and energy refining capacity in relevant markets); economic and political instability and other risks of doing business globally; our ability to cost-effectively hedge against increases in the price of aircraft 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; disruptions to our regional network; the costs and availability of aviation and other insurance; 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); 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 the 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 UAL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, 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.

Today's Agenda

Commercial

- Optimize network to achieve full potential
- Continue re-fleeting and upgauge initiatives
- Improve products and segmentation
- Enhance revenue management systems

Operations

- Ensure safety in all things we do
- Increase efficiency while maintaining reliability
- Provide excellent customer service

Technology

- Use mobile technology to increase productivity and efficiency
- Drive incremental revenue through better app functionality

Finance

- Grow earnings and control costs
- Ensure efficient capital investment
- Allocate capital to create long-term value

Oscar Munoz

Chief Executive Officer

UNITED 



We have great assets in place to realize our full potential

Engaged workforce

Global network

Flexible fleet

Healthy balance sheet

And we have made a lot of progress already...

Extended contracts with pilots, dispatchers, IAM-represented employees

Ratified JCBA with flight attendants

Paid down ~\$6B of debt since 2010

Introduced United Polaris business class

Best-ever on-time performance YTD 2016

Established new leadership team

Launched new service to over 20 int'l destinations since merger

Repurchased over \$4B of shares since 2014

Top-tier arrival and baggage handling performance throughout 2016

Tentative JCBA with technicians

Goal:



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

Scott Kirby

President

Julia Haywood

Executive Vice President &
Chief Commercial Officer

UNITED 



Great opportunities to improve our product

Great network potential

- Further leverage best international network; incremental opportunity in domestic hubs
- Plan to grow 2017 consolidated capacity by 1% - 2%

Re-fleeting and upgauge

- Continue upgauge and slimline initiatives
- Increase front cabin and Economy Plus seat mix

Product segmentation

- Offer customers more choice
- Launch Basic Economy

Airport and onboard experience

- Launch United Polaris business class product
- Create market-leading airport experience and Clubs in high-profile business hubs

Yield management upside

- Transitioning to conditional demand forecasting (Gemini)
- Addressing “small numbers” problem

Top-tier reliability

- Fulfill our promise to consistently deliver a reliable product

Exceptional customer service

- Changing the culture to improve employee engagement
- Consolidating all customer touch points under our new Chief Customer Officer

We have great network potential in the biggest markets

United has hubs in the five largest markets



Note: Ranked by origin and destination passengers (2015)

However, we had de-emphasized domestic flying

Historical network profitability

| | <u>Domestic</u> | <u>International</u> |
|---|-----------------|----------------------|
|  | Low | High |
|  | High | Low |
|  | High | Medium |

This led to United de-emphasizing domestic through:

- Smaller gauge
- Low frequency
- Less connectivity

Over the last 5 years, domestic has become more profitable for the industry

International remains highly profitable and we will continue to support it, but our incremental improvement will come from domestic

Newark should be leading airport in New York and across the Atlantic

- Newark is the only true potential connecting hub in NY
- So it should be the best Atlantic gateway
- New York share has fallen from 30% to 26%
- Why has that happened?



Newark lacks connectivity



Philadelphia: Grouping departures and arrivals in banks allows more connections



Newark: Rolling departures and arrivals create less connectivity



Newark has less competitive schedules for the local market

| Newark to Atlanta | | | | | | | | | | | |
|--|----------|-------|--|----------|-------|--|----------|-------|---|----------|-------|
| UNITED  | | | UNITED  | | | UNITED  | | | DELTA  | | |
| 2004 | | | 2013 | | | 2016 | | | 2016 | | |
| Dept | Aircraft | Gauge | Dept | Aircraft | Gauge | Dept | Aircraft | Gauge | Dept | Aircraft | Gauge |
| 7:00 | 737-300 | 124 | 6:00 | ERJ | 50 | 6:20 | 320 | 150 | 6:00 | M88 | 149 |
| 9:45 | 737-500 | 112 | 9:42 | E-170 | 70 | 7:52 | 320 | 150 | 7:00 | 319 | 132 |
| 12:00 | 737-300 | 124 | 12:39 | ERJ | 50 | 10:35 | 737-700 | 118 | 8:00 | M88 | 149 |
| 13:30 | 737-300 | 124 | 14:46 | ERJ | 50 | 14:35 | 737-700 | 118 | 9:00 | 717 | 110 |
| 15:30 | 737-500 | 112 | 16:59 | ERJ | 50 | 17:10 | 320 | 150 | 10:30 | M88 | 149 |
| 17:00 | 737-500 | 112 | 19:35 | E-170 | 70 | 21:00 | 737-700 | 118 | 11:46 | 319 | 132 |
| 18:15 | 737-300 | 124 | | | | | | | 13:00 | 717 | 110 |
| 20:00 | 737-300 | 124 | | | | | | | 14:15 | 717 | 110 |
| | | | | | | | | | 15:39 | M88 | 149 |
| | | | | | | | | | 16:40 | M88 | 149 |
| | | | | | | | | | 18:29 | 319 | 132 |
| 8 freq, ~120 seats | | | 6 freq, ~57 seats | | | 6 freq, ~137 seats | | | 11 freq, ~134 seats | | |

Source: OAG, DOT DB1B

Chicago O'Hare

- Well positioned geographically for connecting passengers
- Additional cities in Chicago catchment that remain unserved by United
 - Less banked schedule than American Airlines
 - Opportunity to improve bank structure
 - Introduce omni-directional banks



Denver

- Most profitable hub
- Declining cost per passenger
- Highest connecting percentage of any United hub
- Continue Denver growth plan



Houston

- Strong Latin gateway
- Current energy weakness
- Gate capacity to also re-bank Houston



San Francisco

- Best gateway from the United States to Asia
- Positioned for continued China and Asia growth



Los Angeles

- Second largest local market
- Profitable international gateway, though difficult to connect to Star carriers
- Working to get more gates and improve connectivity with Star carriers



Washington Dulles

- Profitable international gateway
- High cost airport
- Remain committed to Washington Dulles airport



Expect earnings¹ improvement to come from all areas of the business

Earnings initiatives by year (vs. 2015)

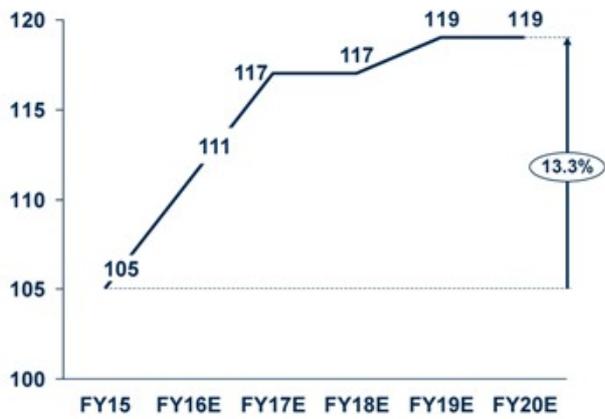
| | (\$M) | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <u>Commercial enhancements</u> | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
| Network initiatives | - | 100 | 300 | 450 | 600 |

¹Effect on pre-tax earnings expected from initiatives

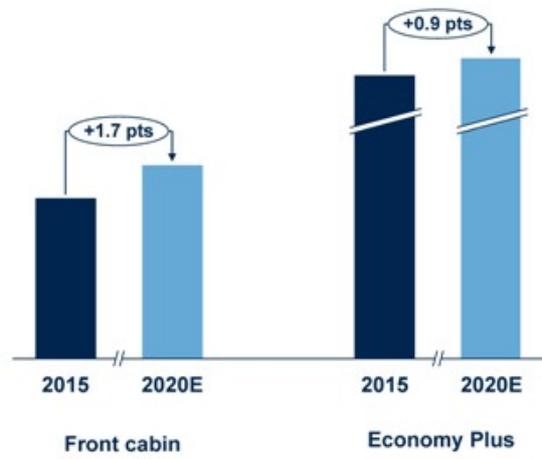
Re-fleeting and upgauge

Re-fleeting through upgauge, slimline and incremental premium seats

Change in gauge driven by upgauge and slimline programs
Seats per departure



Front cabin and Economy Plus seat growth
% of total seats



Updating prior outlook based on fleet changes and assumptions

- Prior valuation implied a marginal RASM of ~80% with a total value of:

| | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> |
|--|--------------|--------------|--------------|
| Slimline and upgauge | 300 | 700 | 800 |
| Addition of front cabin and Economy Plus | <u>200</u> | <u>450</u> | <u>750</u> |
| Total | 500 | 1,150 | 1,550 |

- Revised our analysis using more conservative assumptions with a marginal RASM of ~50%

| | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Slimline and upgauge | 350 | 550 | 600 | 650 | 700 |
| Addition of front cabin and Economy Plus | <u>50</u> | <u>150</u> | <u>200</u> | <u>250</u> | <u>300</u> |
| Total | 400 | 700 | 800 | 900 | 1,000 |

Expect earnings¹ improvement to come from all areas of the business

Earnings initiatives by year (vs. 2015)

(\$M)

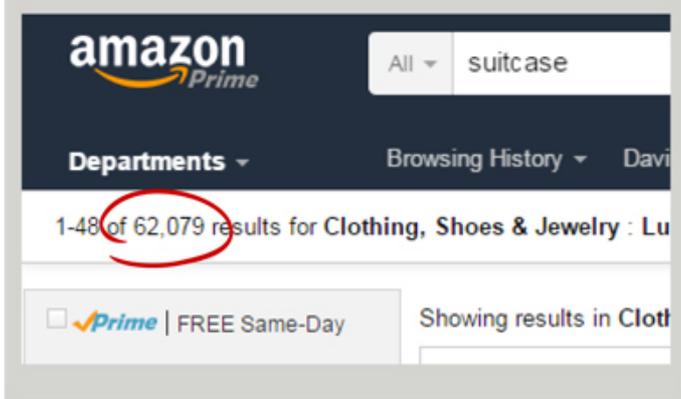
| <u>Commercial enhancements</u> | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Network initiatives | - | 100 | 300 | 450 | 600 |
| Re-fleeting and upgauge | 400 | 700 | 800 | 900 | 1,000 |

¹Effect on pre-tax earnings expected from initiatives

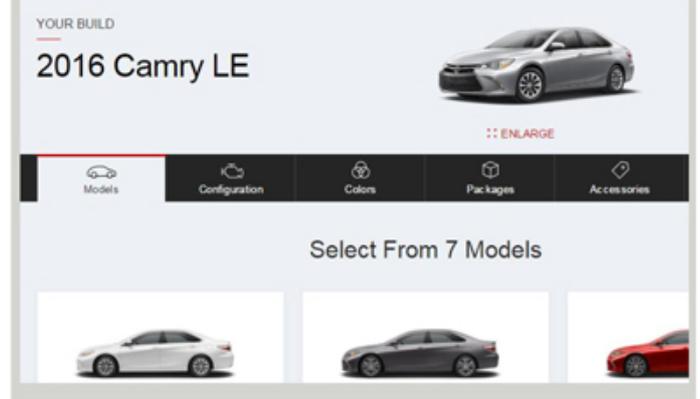
Segmentation

Customers have increasing choice in today's world

Customers have increasing choice when they make a purchase...



...and greater ability to customize to meet their needs and budget



Expectations and behaviors are changing because of increased choice

Airlines have historically segmented on three dimensions

Brand

- Experience of full service vs. low-cost carriers
- Network reach and geography
- Customer service and experience

Fare rules

- Advance purchase requirements and Saturday stays
- Refunds / change fees

Class of service

- First class vs. economy

But now, segmentation is changing

Brand

- Consolidation has created fewer brands with broader offerings

Fare rules

- Fare rules eroding: U/LCCs offering one-way, no advance purchase fares

Class of service

- Airlines now expanding offering beyond two classes of service

Industry is moving toward more product options for a trip, e.g. Domestic

| Basic Economy | Economy | Premium Economy | Domestic First Class |
|--|---|--|--|
| <p>Basic product, without attributes not valued:</p> <ul style="list-style-type: none">▪ Lowest price▪ No seat choice▪ No status or upgrades▪ Not changeable | <p>Core product, including:</p> <ul style="list-style-type: none">▪ Able to choose seat▪ Competitive price▪ Earn credit toward Premier status▪ Eligible for upgrades▪ Changeable, sometimes with a fee | <p>Enhanced seating and amenities:</p> <ul style="list-style-type: none">▪ Extra width and legroom▪ Improved drinks, food, and amenities▪ (largely long-haul, but some short-haul outside US) | <p>High-end experience:</p> <ul style="list-style-type: none">▪ Larger seat, more room▪ Priority handling throughout journey▪ Complimentary meals and drinks▪ Enhanced service |

Today, we are announcing United Basic Economy

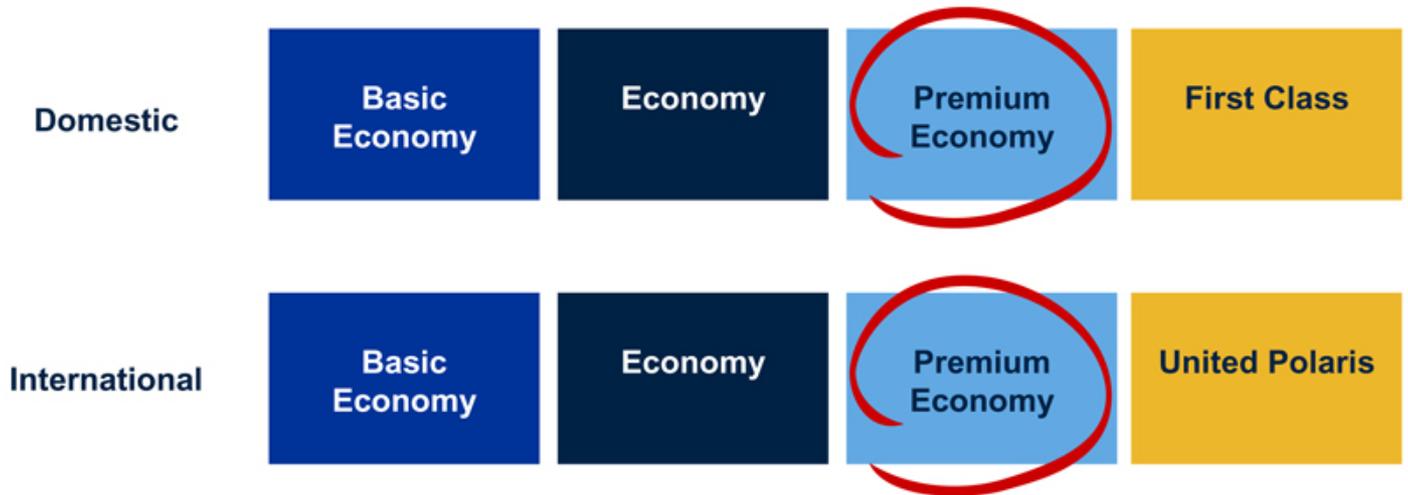
- We will continue to offer the same great United onboard product for the price sensitive segment
- We will offer customers greater choice: the option to purchase the core product at the lowest price...
- ...with the ability to pay for access to the features and benefits they value
- Basic Economy will be on sale in early 1Q17 for travel in 2Q17

Basic Economy is meaningfully differentiated from Economy

| | Basic Economy | Economy |
|---|---|--|
|  Price | <i>United's lowest available price</i> | <i>Higher price than Basic Economy</i> |
|  Onboard product | <i>Same as economy; better than UILCCs</i> | <i>Unchanged</i> |
|  Seat selection | <i>Seat assignment only at check-in</i> | <i>Seat selection at purchase</i> |
|  Fare restrictions | <i>Flight changes not allowed</i> | <i>Flexibility to change flights</i> |
|  Carry-on bags | <i>Overhead carry-on bags not permitted¹</i> <ul style="list-style-type: none"> ▪ <i>More room for economy passenger bags</i> ▪ <i>Improves operation and boarding process</i> | <i>One carry-on and one personal item</i> |
|  Boarding priority | <i>Board in last group¹</i> | <i>Board in main groups</i> |
|  Upgrades | <i>Cannot upgrade to Economy Plus or First Class</i> | <i>Opportunity to buy up or receive upgrades to Economy Plus and First Class</i> |
|  Loyalty Benefits | <i>Continue to earn redeemable miles, but not status miles</i> | <i>Earn credit toward Premier status and redeemable miles</i> |

¹ MileagePlus Premier members and certain credit card members will retain boarding priority and be permitted an overhead carry-on bag

We are now evaluating Premium Economy



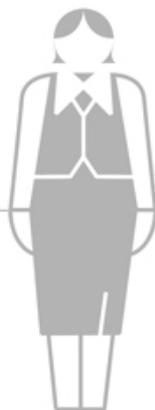
Segmentation is part of a broader focus on personalization

We will continue to learn from our customers' behavior...

Travel patterns

Product choice
(travel occasion)

Operational
reliability



...to offer personalized experiences

Tailored promotions

Personalized booking and
on-board experiences

Real-time response in
cases of disruption

MileagePlus will continue to enhance revenue

New credit card deal

Rate escalation due to new agreement



Next-gen redemption platform

Enhancements to improve customers' ability to redeem miles

MileagePlus
Air Awards



Expect earnings¹ improvement to come from all areas of the business

Earnings initiatives by year (vs. 2015)

(\$M)

| <u>Commercial enhancements</u> | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Network initiatives | - | 100 | 300 | 450 | 600 |
| Re-fleeting and upgauge | 400 | 700 | 800 | 900 | 1,000 |
| Segmentation | - | 200 | 550 | 700 | 1,000 |
| MileagePlus enhancements | 250 | 100 | 300 | 300 | 300 |

¹Effect on pre-tax earnings expected from initiatives

Other product improvements

Improvements to ground and onboard experience coming

| United Clubs | United Polaris | High-profile hubs | Domestic First Class |
|--|----------------|-------------------|----------------------|
| <ul style="list-style-type: none">▪ Renovating 12 clubs in 2017 including upgrades at all hubs▪ Upgraded food and beverage service▪ New modern interior designs▪ Adding square footage in key markets | | | |

Improvements to ground and onboard experience coming

United Clubs



United Polaris

- Custom designed direct-aisle-access lie-flat seats
- Dedicated international business class lounge in 9 markets with pre-flight dining
- New sleep-focused amenities featuring bedding products from Saks Fifth Avenue

High-profile hubs

Domestic First Class

Improvements to ground and onboard experience coming

United Clubs



United Polaris



High-profile hubs

- EWR to be the best airport experience in New York City
 - Premium Lobby
 - Upgraded food, beverage and retail
 - Consolidated security
 - New Polaris Lounge
- Major investment in Los Angeles terminal
- Constructing new Houston terminal C North

Domestic First Class

Improvements to ground and onboard experience coming

United Clubs



United Polaris



High-profile hubs



Domestic First Class

- New custom seats for narrowbodies
- Improved meal service and expanded meal windows
- Upgraded first class offering on two-cabin regional jets

Improvements to ground and onboard experience coming

United Clubs



United Polaris



High-profile hubs



Domestic First Class



Revenue Management

UNITED 

Orion, our RM system, built in 1997 and has some known shortcomings

Independence of demand

Orion still assumes independence of demand

- Mostly true 20 years ago... almost never true today
- Which leads to spiral down

Small numbers

Average forecast standard deviation is 11 times the mean forecast

No forecast evaluation

Users cannot compare the forecast to actual bookings, which makes it very difficult to improve the forecast, and therefore, the results

Limited history

Only the two past years of data are stored, leading to large forecast error on certain dates, e.g. Christmas 2016

People do a great job overcoming these issues manually but upside is letting people focus on getting the forecast right

Demand today is no longer independent

Historical

| New York/Newark to Indianapolis | | | |
|---------------------------------|------------|----------------|---------|
| 21 AP | Non-ref | Sat night stay | \$154 S |
| 14 AP | Non-ref | Sat night stay | \$199 V |
| 7 AP | Non-ref | Sat night stay | \$288 H |
| 0 AP | Refundable | One-way | \$764 B |

- Demand for each product was independent

Today

| New York/Newark to Indianapolis | | | |
|---------------------------------|------------|---------|--|
| 21 AP | Non-ref | One-way | \$94 K \$114 L |
| 14 AP | Non-ref | One-way | \$129 T \$144 S |
| 7 AP | Non-ref | One-way | \$173 W \$204 V |
| 0 AP | Refundable | One-way | \$343 Q \$426 U \$526 M \$819 B |

- Demand for multiple products with same restrictions is 100% dependent

- ↳ Customers almost never buy the \$526 fare if the \$426 or \$343 fare is available

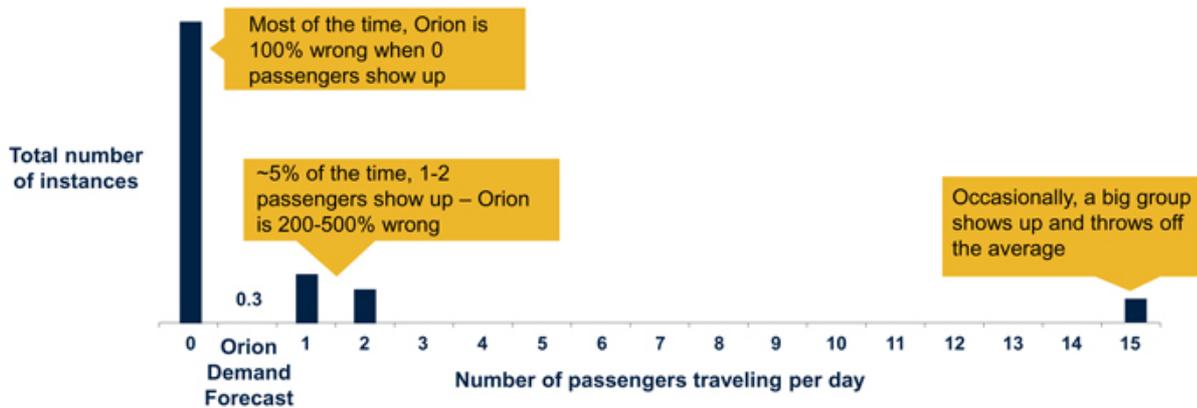
Demand dependence leads to spiral down

| Advance purchase | Price | Historical observed demand | | | | Orion expects | Real willingness to pay is |
|------------------|-------|------------------------------------|--------------------------------------|---|--|---------------|----------------------------|
| | | when lowest class is open (60%) | when lowest class is closed (20%) | when two lowest classes are closed (15%) | when three lowest classes are closed (5%) | | |
| 0 AP | \$819 | 0 | 0 | 0 | 7 | 0.4 | 7 |
| 0 AP | \$526 | 0 | 0 | 12 | - | 1.8 | 12 |
| 0 AP | \$426 | 0 | 15 | - | - | 3.0 | 15 |
| 0 AP | \$343 | 19 | - | - | - | 11.4 | 19 |

- Real unconstrained demand for the \$526 fare is 12... but Orion thinks it is 1.8
- Leading Orion to keep lower buckets open
- Meaning we only try to sell the \$526 fare 15% of the time even though real demand always exists

We have a problem with forecasting small numbers

Example of a distribution of passengers flying between two cities



With small number forecasts, we are always wrong, and wrong by a lot

Have no ability to evaluate our forecast quality, so difficult to improve

- Orion makes nearly 8 million forecasts every day
- Nearly all have <1 passenger forecasted
- Impractical to compare actual bookings to forecast
- So forecast error never improves

Limited history

- Current Orion system only stores two years of full data
- Therefore, when unusual calendar events occur, Orion has no reliable forecast to predict demand
- For example, Christmas 2016 shifts from Friday to Sunday which hasn't happened in five years
- This requires revenue management analysts to manually adjust expectations for demand

Orion functions as a black box

- Analysts hand manage 2/3 of all managed flights¹
- They do a great job... but only so much people can do with thousands of data points
- Hand management can lead to management bias

¹ Managed flights are those that have fare buckets closed at any time

What are we doing about it

Phase I

- Conditional demand forecasting (solving for independence of demand)
- Demand aggregation (solving for small numbers)
- Begin forecast vs actual assessment capability
- Further adaptivity to schedule and pricing changes
- Rolls out between summer 2017 and summer 2018

PRASM improvement: 1-2 points

Future Phases

- Further improvements to our forecast accuracy
- Intelligent spillover risk assessment
- Improvements to network optimizer
- Expanded history
- Expect roll out over next three years

PRASM improvement: 1-2 points

Expect earnings¹ improvement to come from all areas of the business

Earnings initiatives by year (vs. 2015)

| | <small>(\$M)</small> | | | | |
|---------------------------------|----------------------|--------------|--------------|--------------|--------------|
| <u>Commercial enhancements</u> | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
| Network initiatives | - | 100 | 300 | 450 | 600 |
| Re-fleeting and upgauge | 400 | 700 | 800 | 900 | 1,000 |
| Segmentation | - | 200 | 550 | 700 | 1,000 |
| MileagePlus enhancements | 250 | 100 | 300 | 300 | 300 |
| Revenue management improvements | <u>-</u> | <u>100</u> | <u>400</u> | <u>700</u> | <u>900</u> |
| Total | 650 | 1,200 | 2,350 | 3,050 | 3,800 |

¹Effect on pre-tax earnings expected from initiatives

Q&A

Scott Kirby
President

Julia Haywood
Executive Vice President & Chief Commercial Officer

UNITED



Greg Hart

Executive Vice President &
Chief Operations Officer



Focused on safety, reliability, efficiency and service

**Ensure safety in
all things we do**

**Continue to
improve reliability**

**Increase
efficiency of
operation**

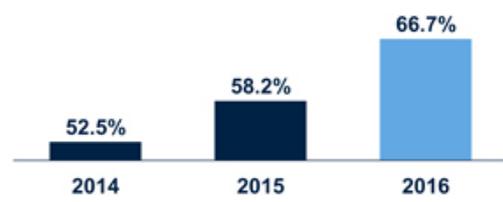
**Provide excellent
customer service**

Significant and sustained reliability improvement

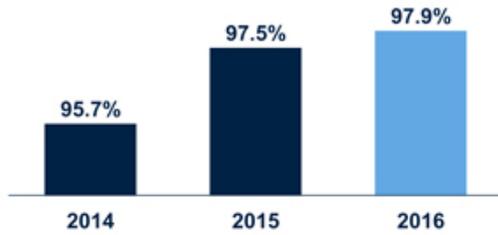
Consolidated D:00¹



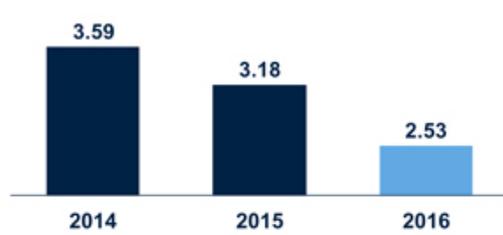
Consolidated A:00¹



Consolidated completion factor¹



Mishandled bag ratio²



¹ Jan-Oct for each year; Includes both mainline and regional

² Jan-Oct for each year; As reported to Department of Transportation

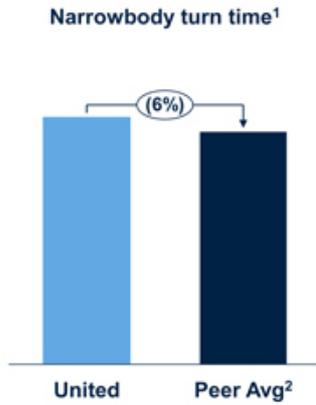
Opportunity to improve reliability and efficiency

Aircraft turn times

Aircraft maintenance

**Cancellations and
Long-delays**

Redesigning our turn processes to turn aircraft quicker



Improve turn times by:

- Minimize handling/processing of gate bags near the end of the turn
- Focus on time-constrained turns
- Consistently provide resources to "attack" arriving aircraft

Goal to provide the opportunity to give aircraft time back to the schedule

¹ Normal turn defined as having available ground time between 55 min and 70 min
² Includes AA, DL and WN

Improving our aircraft maintenance processes

Initiatives underway to drive fleet health

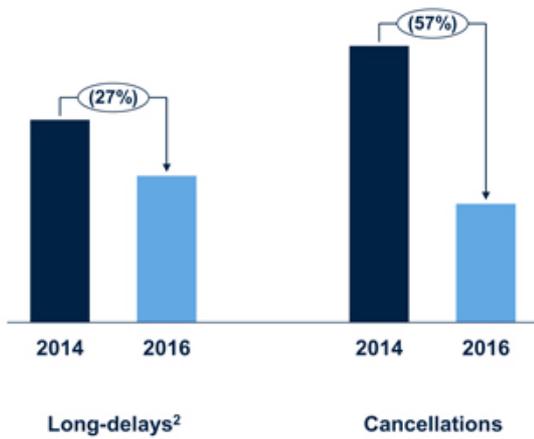
Redesigning maintenance programs

Improve supply chain

Reliability modifications

Continue to reduce long-delays and cancellations

Disruptive events 2016 vs 2014¹



- Long-delays and cancellations are the most disruptive events for our customers and our employees
- Primary areas of focus:
 - Improved fleet health
 - Improved durability of the flight schedule to better protect the customer's travel journey

¹ Jan-Oct for each year; Includes both mainline and regional

² Long-delays defined as flights delayed two or more hours from scheduled departure time

New organization structure elevates focus on customers



Primary emphasis areas

- A consistent, integrated and - most importantly - positive experience across every customer interaction, on the ground and in the air
- Ensuring all policies, procedures and practices are designed and implemented in a manner that enhances the customer journey
- Prioritizing investment decisions to ensure operational reliability and customer experience are consistent and positive

Expect earnings¹ improvement to come from all areas of the business

Earnings initiatives by year (vs. 2015)

(\$M)

| <u>Commercial enhancements</u> | <u>2016E</u> | <u>2017E</u> | <u>2018E</u> | <u>2019E</u> | <u>2020E</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
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| Segmentation | - | 200 | 550 | 700 | 1,000 |
| MileagePlus enhancements | 250 | 100 | 300 | 300 | 300 |
| Revenue management improvements | - | 100 | 400 | 700 | 900 |
| <u>Improved operations</u> | | | | | |
| Operational integrity | 50 | 200 | 300 | 300 | 300 |

¹Effect on pre-tax earnings expected from initiatives

Linda Jojo

Executive Vice President &
Chief Information Officer



Our technology supports a large and complex operation today

27,000

Flight plans
generated daily

\$12B

Annual revenue
(E-commerce)

1.5M

Baggage scans
daily

14M+

Mobile app
downloads

500K

United.com visitors
per day

700K

Flight messages daily

56K

Tickets sold
daily

1M

Workforce
staffing events
daily

We have strengthened and aligned our technology team

- Leadership team realigned and revamped in last two years
- Previous industry experience includes: Airlines, Telecom, Energy, Healthcare, Government, Technology, Logistics
- Model supports alignment and faster delivery



Improve reliability

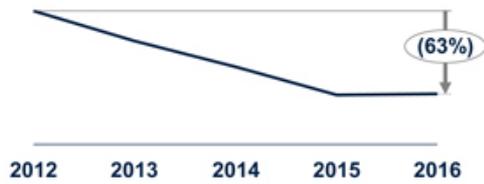
Reduce incidents, flight delays and impact of delivery

Enable mobility

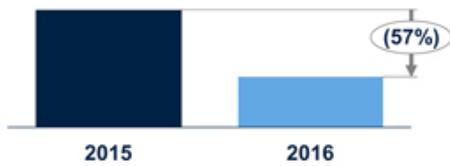
Drive revenue, enhance experience and improve productivity

Reliability and stability have improved meaningfully

Critical incidents remain at record lows



IT-related flight delays at lowest level since 2012



Continue to improve root cause analysis and delivery

- Meaningful reductions in volume/length of technology "glitches" improves airline reliability
 - Improving processes for updating systems
 - Leveraging leading-edge monitoring and analytics to predict and prevent outages
 - Investing in technical infrastructure
- Executed large-scale IT programs with no operational impacts
 - Technical Operations Integration
 - Departure Management Upgrade
 - MileagePlus Security Upgrade

Technical Operations integration is large and complex ...

...and has been executed with no impact on the operation

SCEPTRE (Aug 2015)

Created a single system

- No flight delays during planned 14 hour cutover
- Converted \$1 billion in parts (>7M records across ~300K part numbers)
- 7,000 Tech Ops employees trained



Electronic Log Book (1Q 2017)

Eliminating the paper

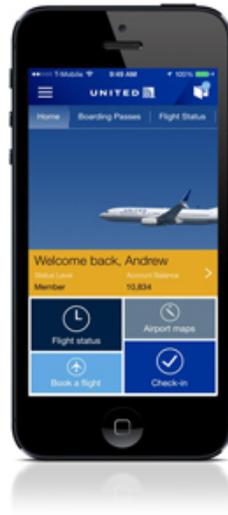
- 102 of 450 aircraft migrated from paper log book
- Over 50,000 flights completed across stations 102 stations

Simplification and consolidation of our Tech Ops systems is one key to our improved performance

Mobile application continues to win awards and lead the market...

First to offer

- Passport scanning for check-in
- Location-based airport maps
- Media streaming onboard aircraft
- On-demand Uber integration
- Touch ID sign-in
- Proactive travel disruption messaging and ability to modify travel plans
- Award flight booking



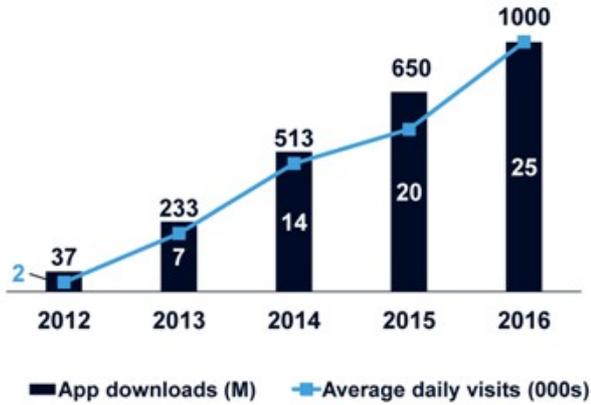
Continue to invest and extend

- Extended Travel Disruption Assistance (rebooking, electronic travel vouchers)
- Full reservation management (changes/cancelations)
- International Document Management (Visas)

...and is an integral part of our customers' experience every day

App downloads & average daily visits

Daily averages



Untethering our workforce...

...with role-based, context-driven mobile tools and apps

Pilots

Electronic Flight Bag - iPad that provides pilots with access to schedules and flight plans in real time

Flight Attendants

Link - iPhone with in-flight service, all flight manuals and customer information

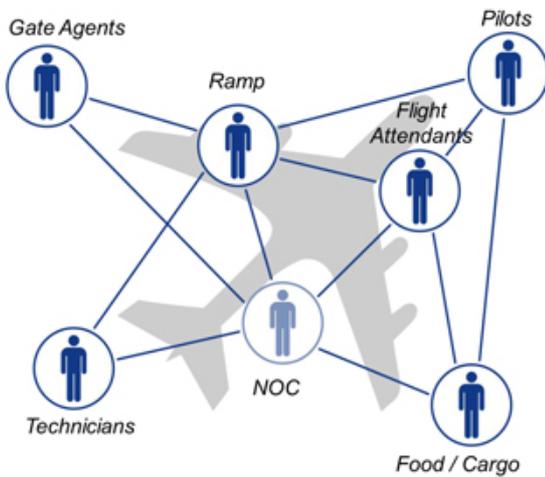
Customer Service

MAP - iPhone that provides agents with ability to work "shoulder to shoulder" including closing a flight, checking bags and re-accommodating travelers

Ramp

Bag/Cargo Scanning - Military grade device that provides scheduling and critical bag transfers

The power of mobile technology is connectivity in real time



Improving collaboration for faster aircraft turns

-  Distribute contact list of individuals working a flight for easy communication across workgroups
-  Send event-driven alerts and notifications
-  Consolidate system messages and employee communications in one place
-  Create rules that govern what triggers events and what audiences need to be included in alerts

Andrew Levy

Executive Vice President &
Chief Financial Officer



Focused on creating long-term value

Revenue growth
and cost control

Disciplined capital
investment

Capital allocation

Commercial and operational improvements critical to financial success

Commercial enhancements drive \$3.8B in earnings benefit by 2020

Operational improvements drive \$300M in earnings benefit by 2020

Cost savings initiatives

Expected run-rate savings¹
(\$M)



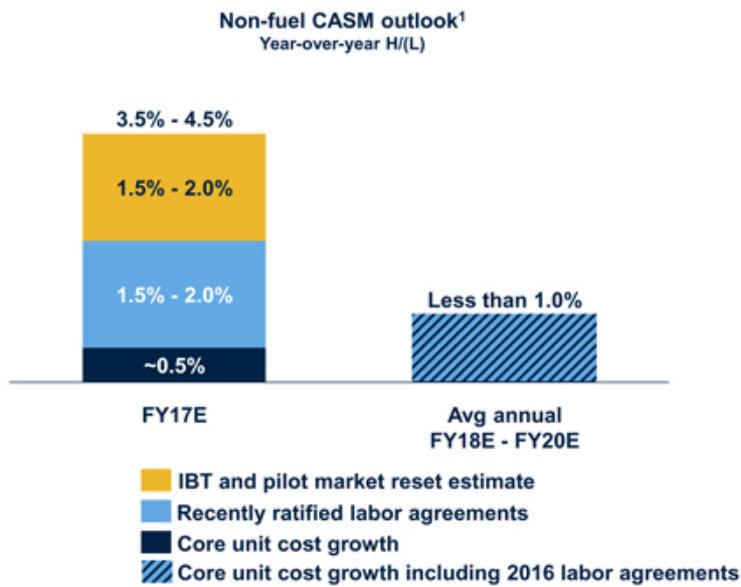
Key cost levers

- Increasing operational efficiency
- Better utilizing assets & people
- Strategic purchasing
- New technology

Controlling costs with the goal of growing expense at a slower rate than capacity– leading to higher margin incremental flying

¹As compared to 2015

Expect to grow non-fuel unit costs less than 1% from 2018 - 2020



- Pilot labor agreement becomes amendable in 2019; all other labor agreements become amendable after 2020
- 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 a GAAP to Non-GAAP reconciliation see Appendix A

Focused on creating long-term value

Earnings growth
and cost control

**Disciplined capital
investment**

Capital allocation

Reviewing fleet plan

- Undertaking bottoms-up review of our fleet commitments in 2H17 and beyond
- Focus on capital efficiency
- Made two changes to the fleet plan....

Restructuring 737 order placed in early 2016

- Converting four 737-700s to four 737-800s to be delivered in second half of 2017
- Deferring remaining 61 aircraft and converting to 737-MAX with delivery dates to be determined
- Will continue to leverage order book flexibility to adjust fleet plan as needed going forward

Reduces 2017 – 2018 cap ex by ~\$1.6B

Changing ownership structure for 24 E175s

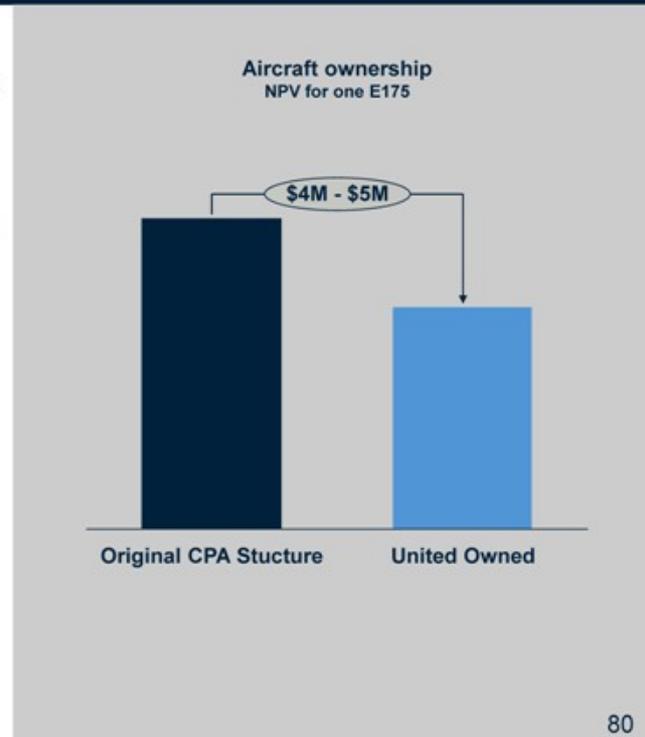
In 2014 UAL entered into CPA commitment with RJET for 24 E175s

During RJET Chapter 11 reorganization, UAL modified the agreement and will now purchase all 24 aircraft

- Utilize United's strong balance sheet and lower cost of capital to drive better economics
- Capture residual asset value

NPV benefit of more than \$100M compared to lease arrangement

Increases planned capex by ~\$550M not including pre-delivery deposits paid in 2016



Continuing to review and refine fleet strategy

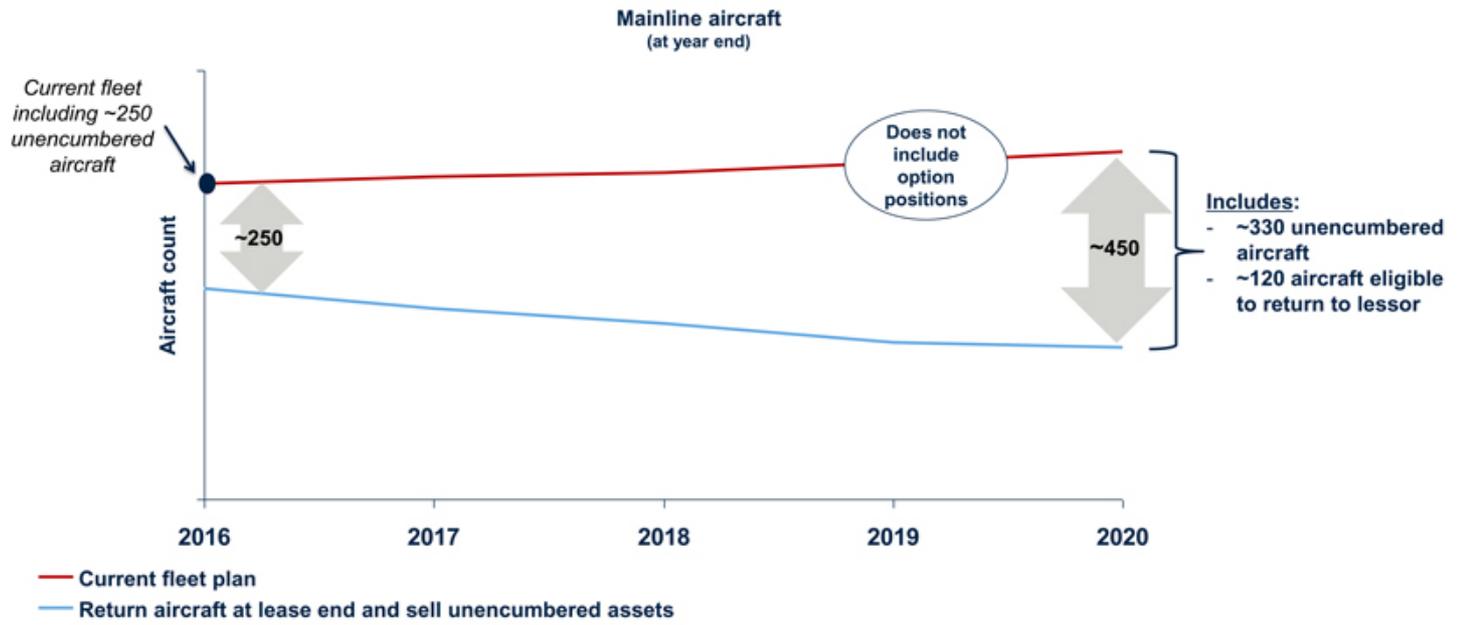
Fleet initiatives underway

- Densifying both narrowbodies and widebodies
- Maximizing regional scope provisions (ability to fly 255 70/76 seaters under current scope provision)
- Refurbishing existing aircraft to improve product and extend life of aircraft
- Retiring 747 Fleet (retire all 20 aircraft by 3Q18)

Fleet initiatives under consideration

- Adding used aircraft opportunities beyond 11 used Airbus being delivered in 2016 and 2017
- Identifying further densification opportunities
- Refining widebody fleet plan and further evaluate opportunities for narrowbodies

Fleet plan has significant flexibility



Non-aircraft capital expenditures



Lowering capital expenditures



**Reducing
2017 – 2018
planned
capital
expenditures
by ~\$1B**

Focused on creating long-term value

Earnings growth
and cost control

Disciplined capital
investment

Capital allocation

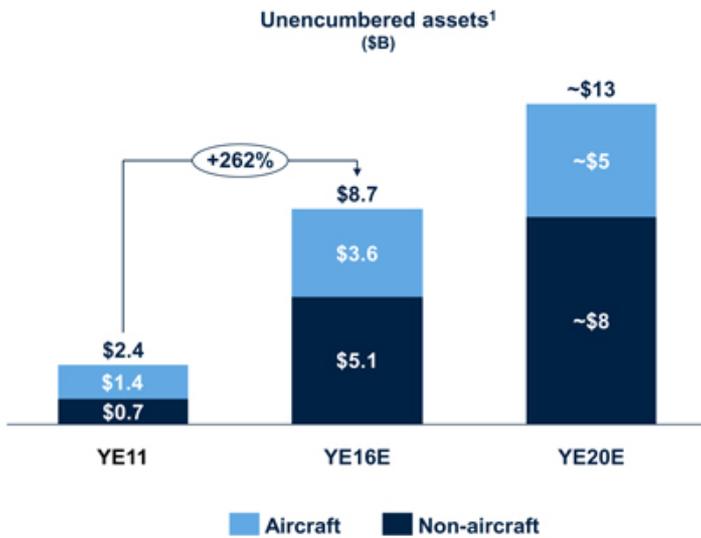
Strong liquidity position



\$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

Unencumbered asset base is source of additional liquidity

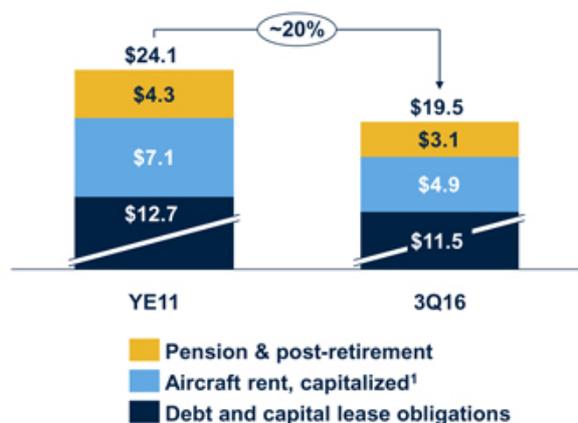


- UAL has made significant progress paying down debt and unencumbering assets
- Secured debt market remains open during challenging economic environment

¹ Company estimates as of September 2016. Non-aircraft includes spare parts, spare engines, routes and other property YE20 assumes continued pay down as debt matures

Strong balance sheet

Adjusted debt
Debt, pension & post-retirement obligations¹ (\$B)



¹ Aircraft rent capitalized at 7x

² Trailing twelve months

³ For a GAAP to Non-GAAP reconciliation see Appendix A
Source: SEC filings

| | YE11 | 3Q16 ² |
|---------------------------|-------|-------------------|
| EBITDA ³ (\$B) | \$3.7 | \$7.0 |
| Debt/EBITDA | 5.2x | 2.3x |
| Adj. debt/EBITDA | 6.4x | 2.8x |

| | YE11 | 3Q16 ² |
|-------------------------|-------|-------------------|
| EBIT ³ (\$B) | \$2.2 | \$5.0 |
| Interest expense (\$B) | \$0.9 | \$0.6 |
| Interest coverage | 2.3x | 8.0x |
| Blended interest rate | 6.8% | 5.2% |

Manageable debt payments going forward

Scheduled debt and capital lease payments (\$B)



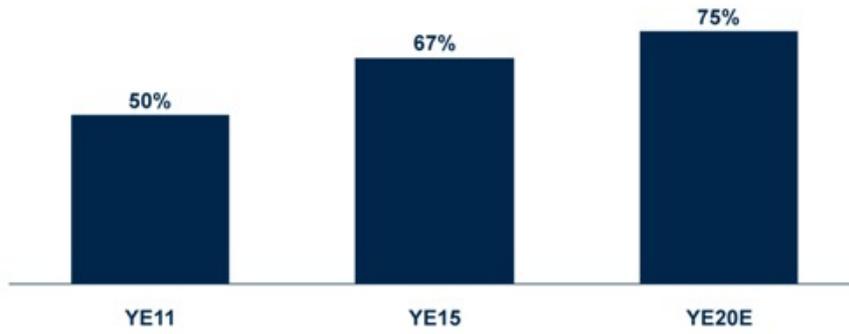
- Expect to finance 50% - 75% of aircraft capital expenditures
- EETCs are a highly efficient source of aircraft funding

| EETC | Tranche | Principal (\$M) | Interest rate |
|--------|---------|-----------------|---------------|
| 2016-1 | AA | \$729 | 3.100% |
| | A | \$324 | 3.450% |
| 2016-2 | AA | \$637 | 2.875% |
| | A | \$283 | 3.100% |

¹ Includes \$850M term loan maturity

Pension funded ratio

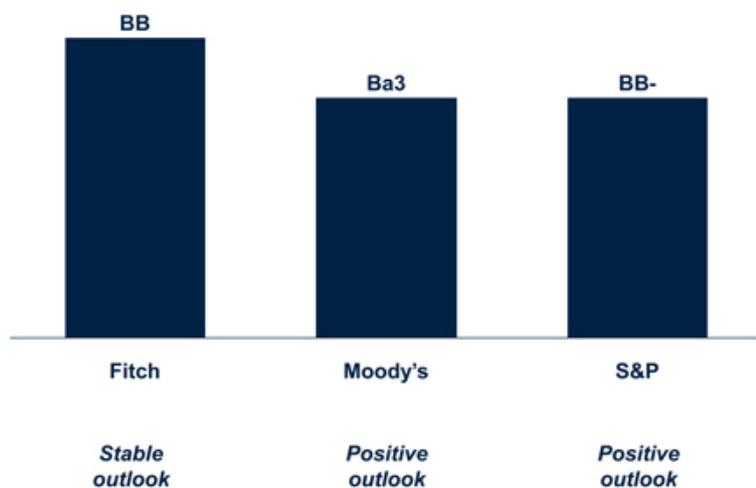
Pension funded ratio



Expect cash contributions of ~\$400M annually

Credit ratings reflect strong balance sheet

UAL credit ratings



- Fitch upgraded UAL in October 2016; Moody's under review
- Several balance sheet metrics at investment grade levels
- Able to raise debt through EETCs at investment grade interest rates

Lowest adjusted debt among peers

Adjusted debt
3Q16 debt, pension and post-retirement obligations (\$B)



¹Aircraft rent capitalized at 7x
Source: SEC filings

Have reduced share count by ~20% since 2014

- Will continue to return excess cash to shareholders
- \$2B of current authorization remaining as of the end of 3Q16
- Evaluating dividend strategy
- Will not compromise strength of balance sheet to fund shareholder return programs

Focused on creating long-term value

Revenue growth
and cost control

Disciplined capital
investment

Capital allocation

Going forward we will manage our business to maximize operating margin and ROIC

Expect earnings¹ improvement to come from all areas of the business

| Earnings initiatives by year (vs. 2015) | | | | | | Unique United levers compared to Delta |
|---|---------------|---------------|---------------|---------------|---------------|--|
| | (\$M) | | | | | |
| | 2016E | 2017E | 2018E | 2019E | 2020E | |
| <u>Commercial enhancements</u> | | | | | | |
| Network initiatives | - | 100 | 300 | 450 | 600 | ~100% |
| Re-fleeting and upgauge | 400 | 700 | 800 | 900 | 1,000 | ~50% |
| Segmentation | - | 200 | 550 | 700 | 1,000 | ~25% |
| MileagePlus enhancements | 250 | 100 | 300 | 300 | 300 | ~100% |
| Revenue management improvements | - | 100 | 400 | 700 | 900 | ~75% |
| <u>Improved operations</u> | | | | | | |
| Operational integrity | 50 | 200 | 300 | 300 | 300 | ~100% |
| <u>Cost structure</u> | | | | | | |
| Cost efficiency program | 200 | 400 | 500 | 600 | 700 | ~50% |
| Total | \$0.9B | \$1.8B | \$3.2B | \$4.0B | \$4.8B | |

¹Effect on pre-tax earnings expected from initiatives

Path to close the margin gap to Delta



¹Wall Street estimates

Q&A

Andrew Levy

Executive Vice President & Chief Financial Officer

Oscar Munoz

Chief Executive Officer

UNITED 



Executing on our plan to realize our full potential

- **Realize full network, product and segmentation potential**
- **Capture value by improving revenue management systems**
- **Improve efficiency while maintaining reliability**
- **Use technology to enable reliability, drive efficiency and improve revenue**
- **Secure our future through strong financial performance**

Goal:



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

UNITED



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. 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-over-Year L/H (in percentage change) | Twelve Months Ended December 31, 2017E | |
|--|--|------|
| | Low | High |
| Non-Fuel CASM | | |
| CASM, excluding special charges and profit sharing (a) | 4.9 | 6.7 |
| less: Third-party business expenses | (0.2) | 0.0 |
| CASM, excluding special charges, profit sharing and third-party business expenses | 5.1 | 6.7 |
| less: Fuel | 1.6 | 2.2 |
| CASM, excluding special charges, profit sharing, third-party business expenses, and fuel | 3.5 | 4.5 |

(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.

