



United Air Lines Inc.

JP Morgan
Aviation & Transportation Conference 2008

March 18, 2008

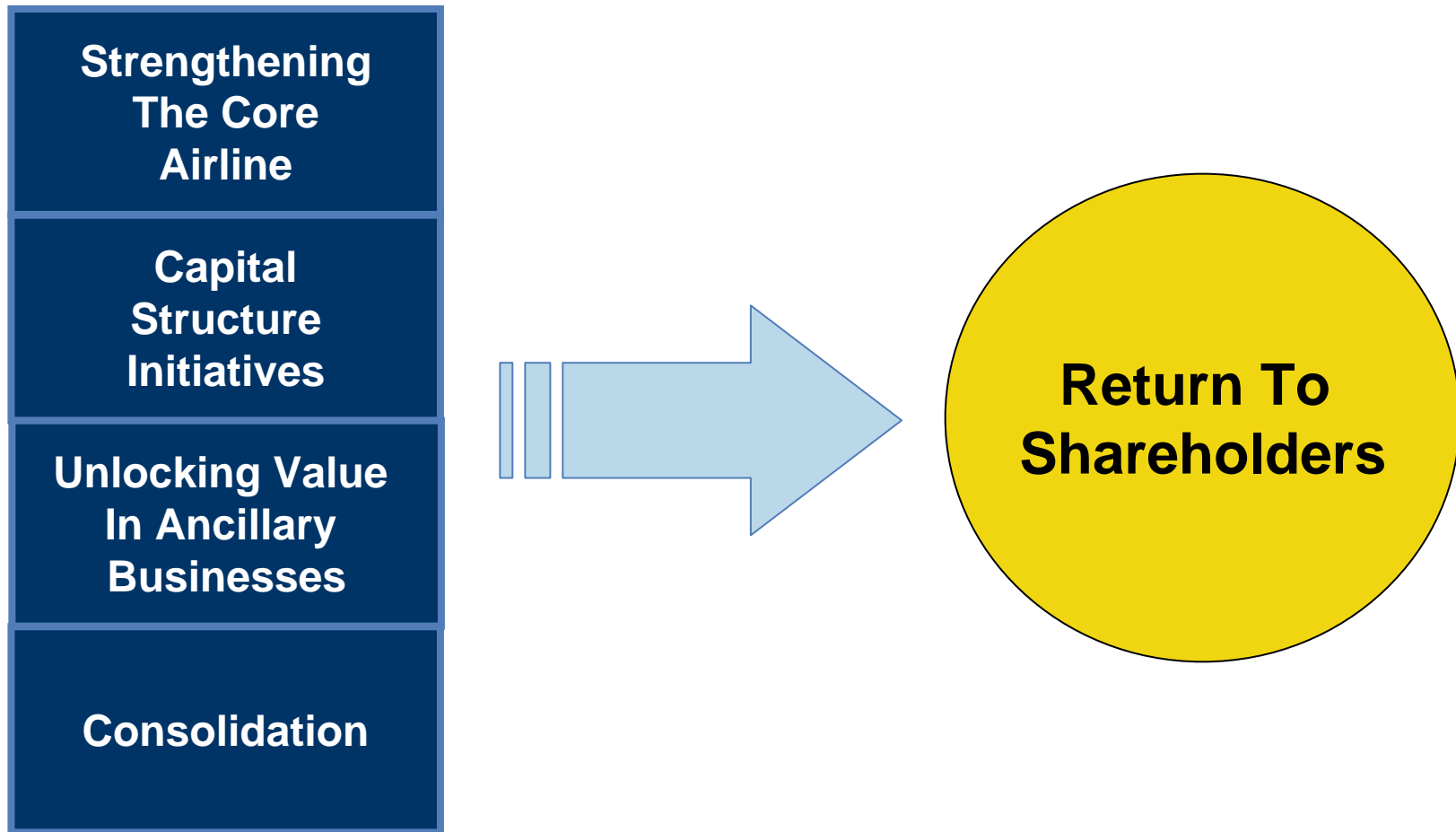
 **UNITED**

Safe Harbor Statement And Non-GAAP Reconciliation

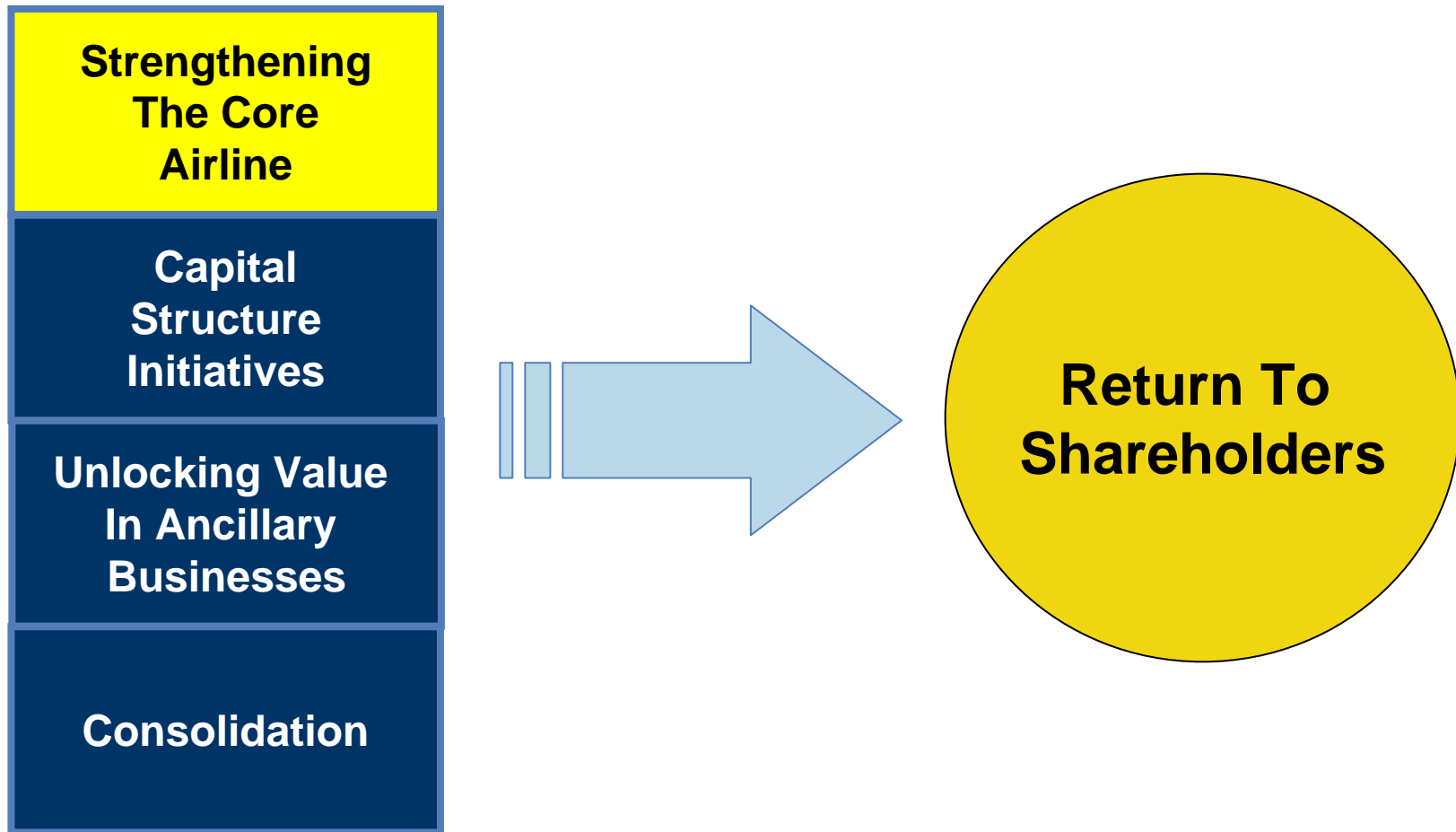
The information included in this presentation contains certain statements that are “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of assumptions, risks and uncertainties related to the Company’s operations and the business environment in which it operates. Actual results may differ materially from any future results expressed or implied in such Forward-Looking Statements due to numerous factors, many of which are beyond the Company’s control, including factors set forth in the Company’s Form 10-K for 2007 and other subsequent Company reports filed with the United States Securities and Exchange Commission. Persons reviewing this presentation are cautioned that the Forward-Looking Statements speak only as of the date made and are not guarantees of future performance. The Company undertakes no obligation to update any Forward-Looking Statements.

Information regarding reconciliation of certain non-GAAP financial measures contained in this presentation is available on the Company's web site at www.united.com/ir

We Are Pursuing Multiple Approaches To Create Shareholder Value



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The Core Business Performed Well In 2007

- **2007 was the most profitable year since 1999**
 - Over \$1 billion of operating income
 - Over \$600 million of pre-tax profit
- **\$2.1 billion in operating cash flow**
 - 37% higher than 2006
- **\$2.3 billion in debt reduction**
 - Combined with refinancings, creating a run-rate savings of over \$120 million in net interest expense in 2008 and beyond
- **Performance enabled shareholder distribution of \$250M**
 - Only network airline to distribute cash to shareholders

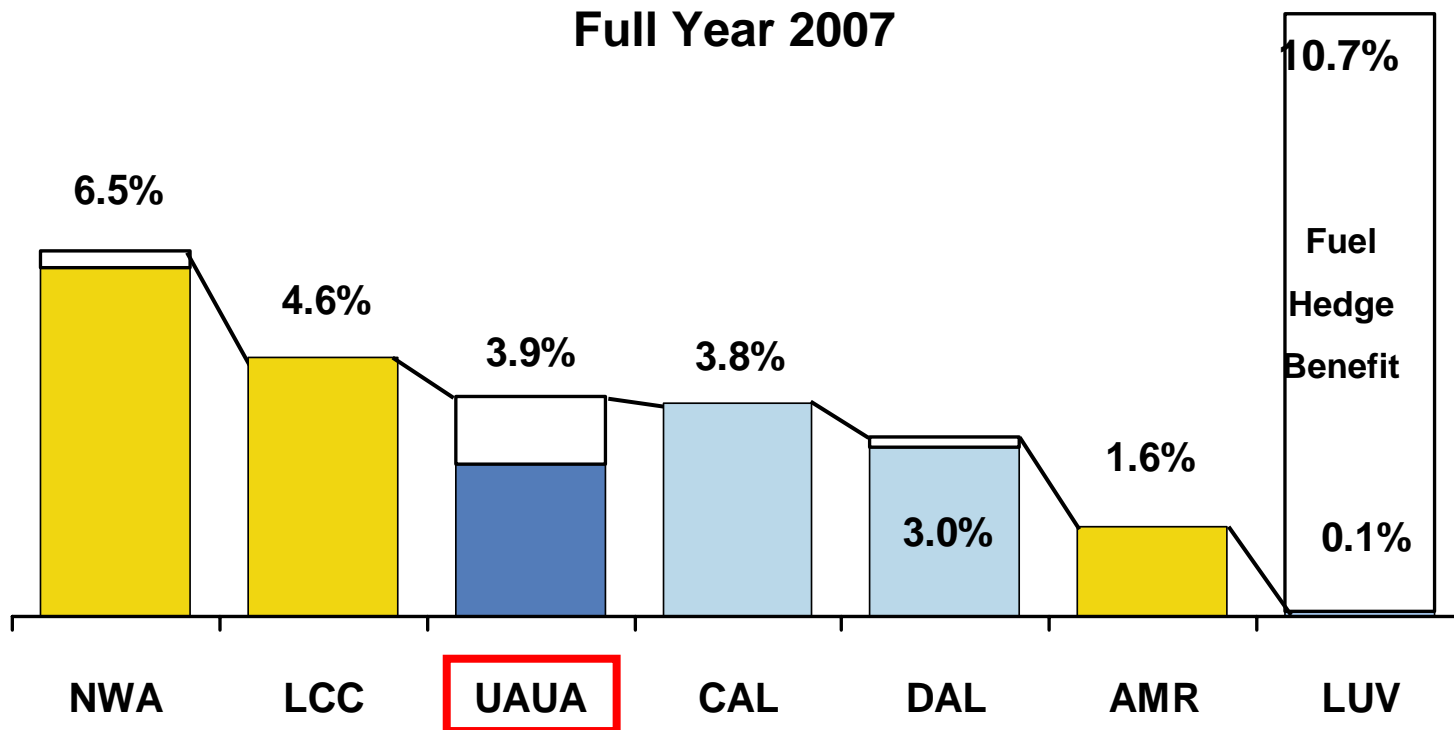
Fresh-Start Accounting Significantly Affects Competitive Comparisons

Impact on Pre-Tax Income - Full Year 2007

	Fresh-Start Impact On 2007 Pre-Tax Income	Net Adjustment For An “Apples-to-Apples” Competitive Comparison
UAUA	\$(248)M	-
DAL	\$52M	Add \$300M to UAUA
NWA	\$(43)M	Add \$205M to UAUA
AMR	-	Add \$248M to UAUA
CAL	-	Add \$248M to UAUA
LCC	-	Add \$248M to UAUA

United's Pre-Tax Margin Is Competitive

Pre-Tax Margin (Adjusted for fresh start accounting) Full Year 2007



Airline	2007 B/(W)	2006	Change (percentage points)
NWA	3.9	0.9	3.0
LCC	0.9	0.9	0.0
UAUA	1.5	1.5	0.0
CAL	1.5	1.5	0.0
DAL	7.3	7.3	0.0
AMR	0.6	0.6	0.0
LUV	(0.5)	(0.5)	0.0

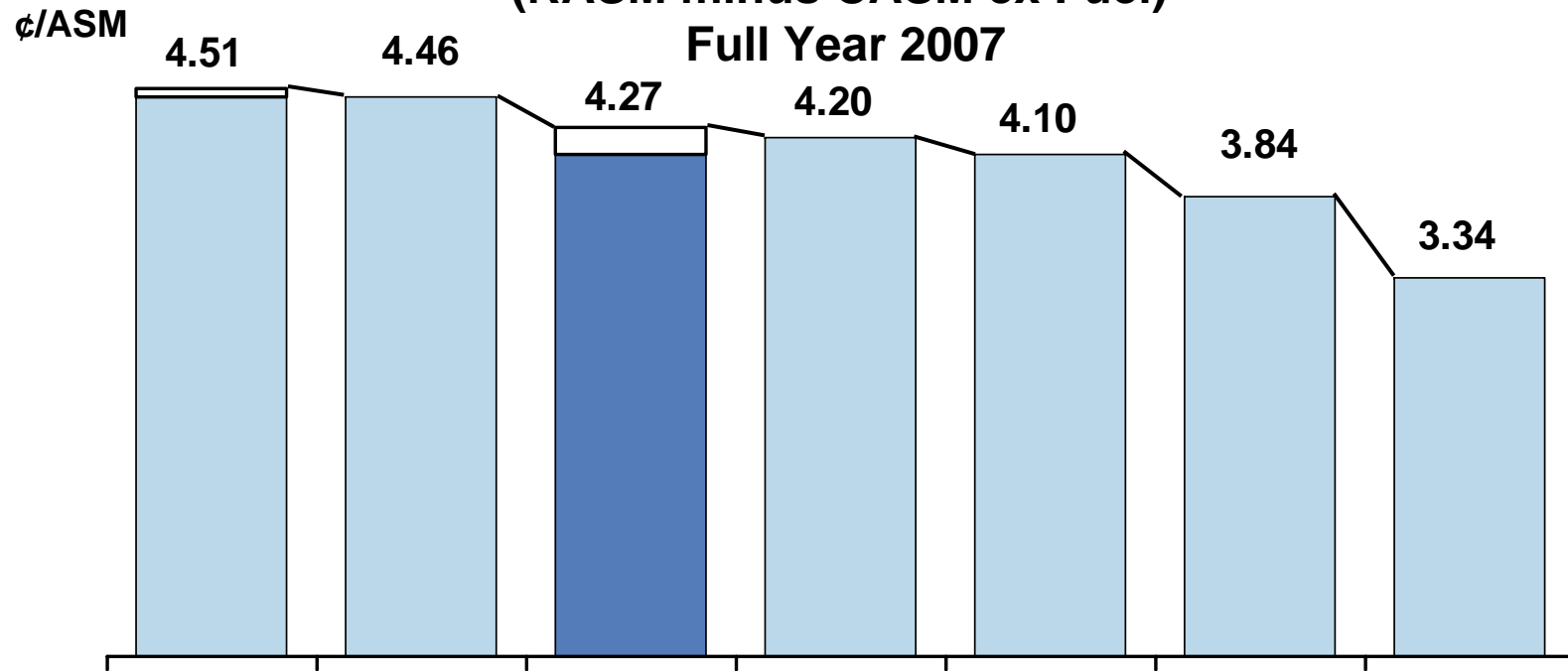
Sources: Company press releases. All results exclude special items and one-time gains.



Our Competitive Performance Is Also Reflected In Unit Earnings

Mainline Unit Earnings excluding Fuel Costs (RASM minus CASM ex Fuel)

Full Year 2007



	NWA	DAL	UAUA	AMR	CAL	LCC	LUV
2007 B/(W) 2006	4.2%	25.3%	8.7%	6.2%	9.5%	(1.3)%	0.6%

Sources: Company press releases. All results also exclude special items, regional affiliates and any applicable non-cash fresh-start and exit-related items.

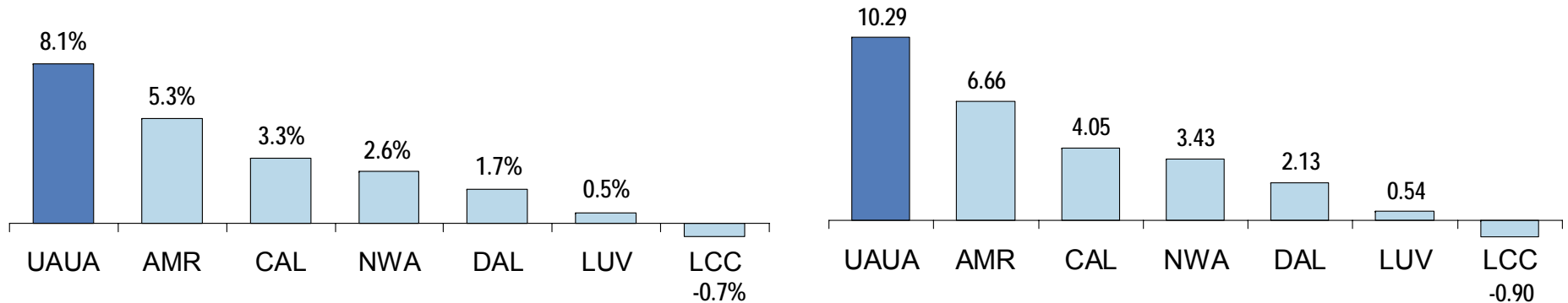


United Leads Peers In Free Cash Flow Generation

Twelve Months Ended December 31, 2007

Free Cash Flow/Total Revenue

Free Cash Flow/Consolidated ASMs
\$/1,000 ASMs



Sources: Company press releases and Earnings Calls.
Free Cash Flow defined as cash flows from operations less capital expenditures.
LUV free cash flow excludes collateral deposits related to fuel derivative contracts

Significant Flexibility In A High Fuel Cost Environment

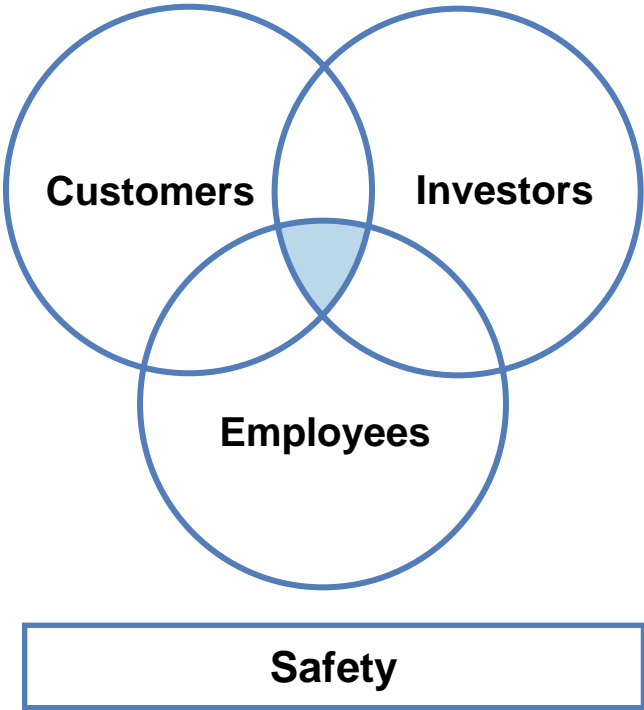
- **Modest capex helps fuel free cash flow**
 - Non-aircraft capex plan of \$650M in 2008 focused on customer, infrastructure and IT needs
 - No planned capital expenditure for new aircraft
- **Limited fixed obligations**
 - Limited debt maturities; approximately \$700M in 2008
 - No material defined benefit pension funding
- **Over \$3B of hard assets unencumbered**

Taking Action To Combat Higher Fuel Costs

- **Responsible deployment of capital entails investment only where we can generate an appropriate return**
 - Divesting 15-20 aircraft
 - Reviewing non-aircraft capex plan
- **We will continue to be disciplined about capacity**
 - Continuing to take a hard look at our 2008 capacity plan
 - Reducing unprofitable flying
- **Reducing domestic capacity better positions industry to pass along commodity costs to consumers**
- **Merchandising creates new revenue streams**
- **Focusing on additional cost reduction efforts throughout the organization**

Our Strategic Plan Is A 5-Year Roadmap To Create Value For All Stakeholders

We will be the global airline of choice for premium customers, employees and investors



Balancing the needs of all stakeholders and strengthening the core business

We Are Charting Our Own Course To Create Value For Shareholders

- **Strengthening core business**
 - Driving revenue premiums by
 - Providing unique differentiated products and services
 - Improving customer service
 - Strengthening network while exercising capacity and pricing discipline
 - Unbundling products and services, allowing customer to tailor their experience
 - Leveraging continuous improvement across the company to improve processes, efficiency, and control costs
 - Transforming Strategic Sourcing to drive cost savings from vendor relationships
 - Continuing to shift toward lower cost distribution channels
- **Unlocking value of ancillary businesses**
- **Participate in consolidation given the right opportunity**

United's Goal Is To Create A Best-In-Class Experience For Premium Customers

**In 2007, We Created
New Benefits That
Increased Our Share
Of Premium
Customers**



Contact Center



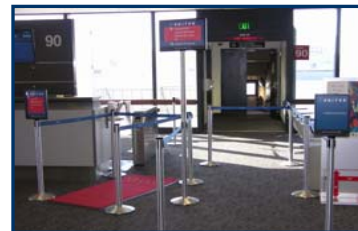
Upgrades and Freebies



Check-in



Security Lines



Boarding



Trip Protection

We Are Continuing To Focus On Improving The Customer Experience In 2008



On The Ground:

- New Global Services Lobby at O'Hare
- Refurbishing lounges
- Enhancing gate information displays
- Enabling mobile/PDA check-in
- Testing document-less travel



In The Air:

- New international premium product
- Increasing cabin cleaning depth and frequency
- Expanding refurbishment capacity between heavy maintenance visits
- Installing leather on all domestic narrowbody aircraft beginning in 2008



Behind The Scenes:

- Improving infrastructure and database for storing and accessing customer data
- Using information to better build lifelong relationships with customers

Innovative Training Is Improving Employee Service Delivery

Pit Crew U



- Designed for lead ramp professionals and service directors
- Focus on safety, team work and standard work

Problem Resolution



- Designed for customer service agents
- Focused on improving customer service skills by using problem resolution tools

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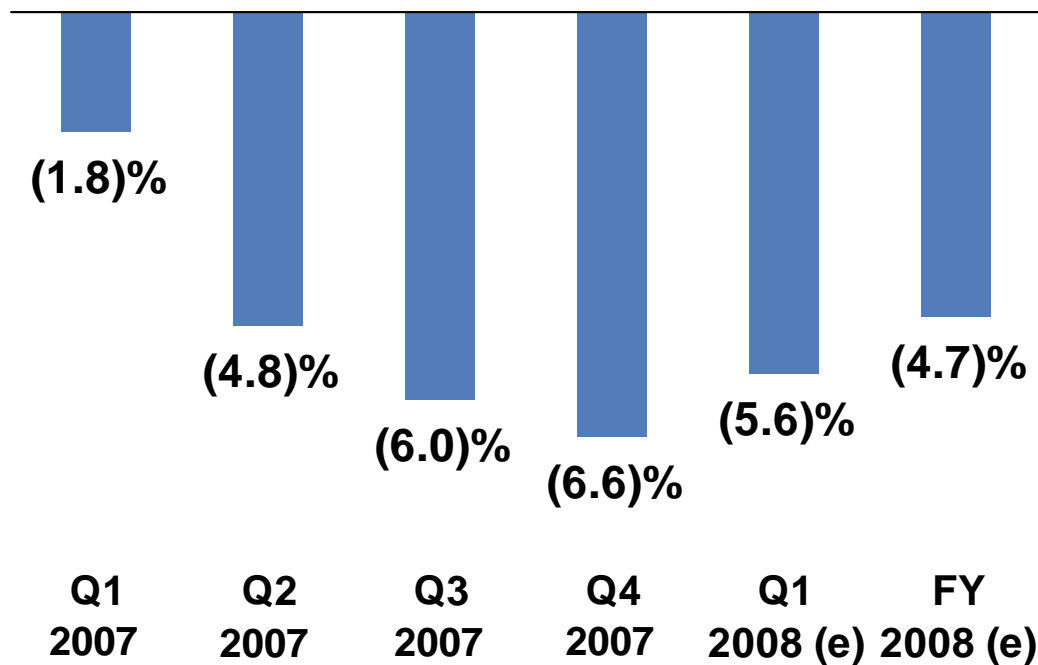


- Designed for service directors
- Focuses importance of every action on customer experience by drawing parallels with a fast paced restaurant

We Will Drive Revenue Premiums By Being Disciplined About Capacity Deployment

UA 2007 Domestic Capacity Growth

UA H/(L) than Industry



Source: ATA carriers + WN mainline data; Financial statements and OAG

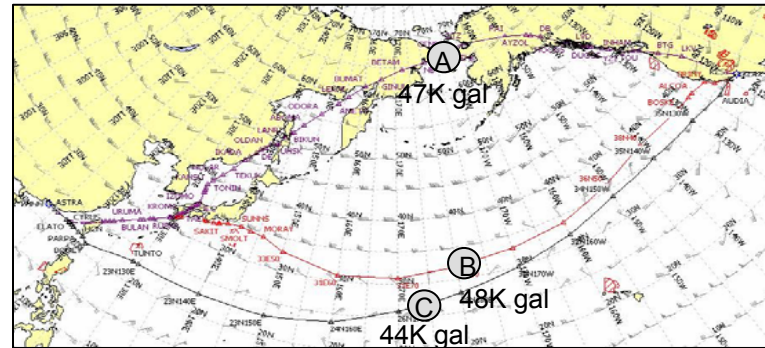
We Are Developing New Revenue Sources

- **New product and service options allow customers to tailor their travel experience**
- **Merchandising will produce \$1 billion in annual revenue within five years**
 - Seat up-sell can double to \$300M or more per year
 - Unbundling products that have traditionally been part of the basic offering can generate \$200M-\$300M
 - Recently introduced 2nd checked bag fee of \$25 for non-elite customers
 - If adopted by the industry, 2nd checked bag initiative is worth more than \$100M annually to United
 - \$400M opportunity from new products
 - Several initiatives will be launched by Fall 2008, with full deployment over the next few years

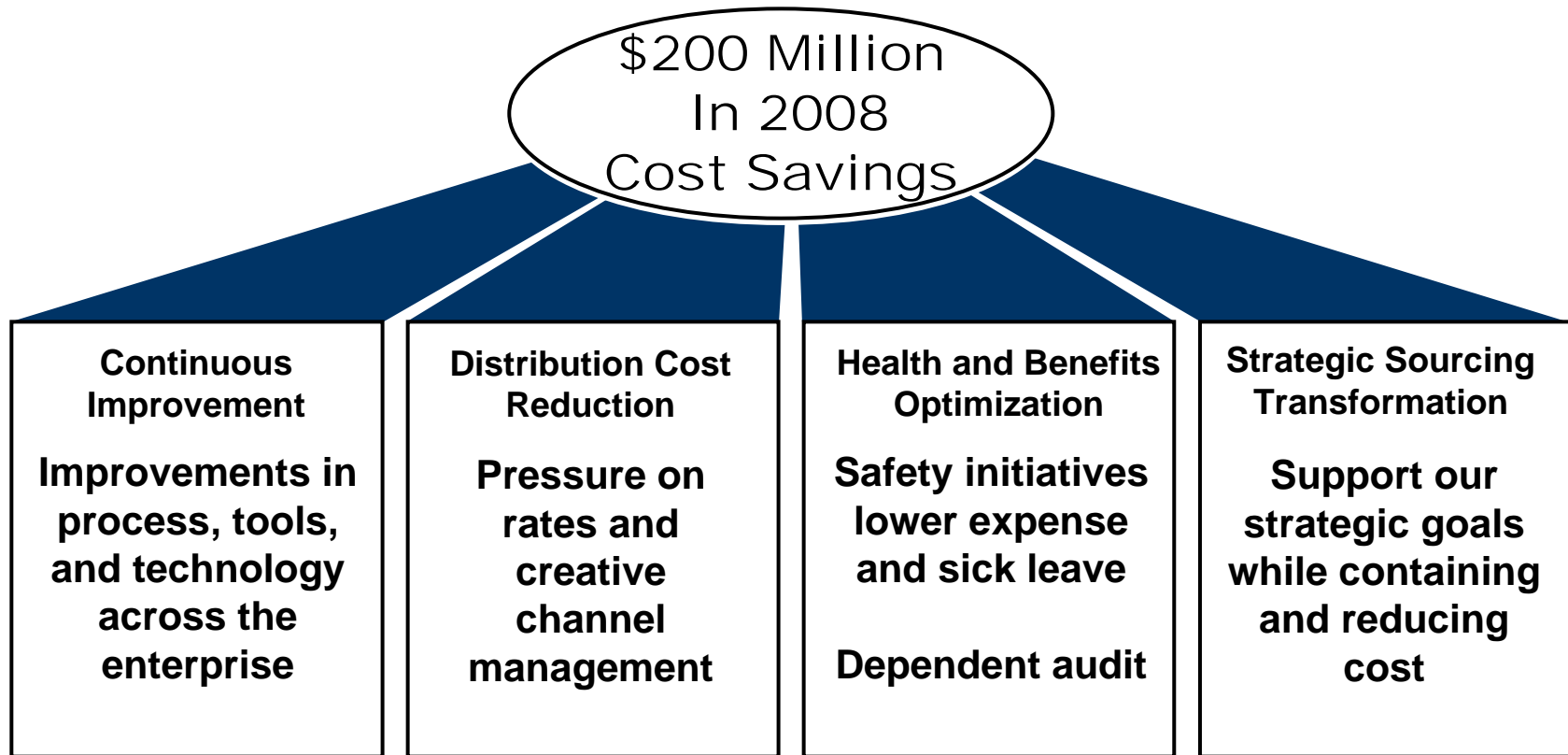
Continuing To Focus On Fuel Efficiency In 2008

Major Initiatives Include:

- **Flight Planning System replacement**
- **Winglets**
- **Other initiatives**
 - Single engine taxi
 - Selectively reduced speeds
 - Improved climb/descent profiles
 - Streamlining fuel supply chain
- **United Express**
 - Implementation of mainline fuel programs at Express partners

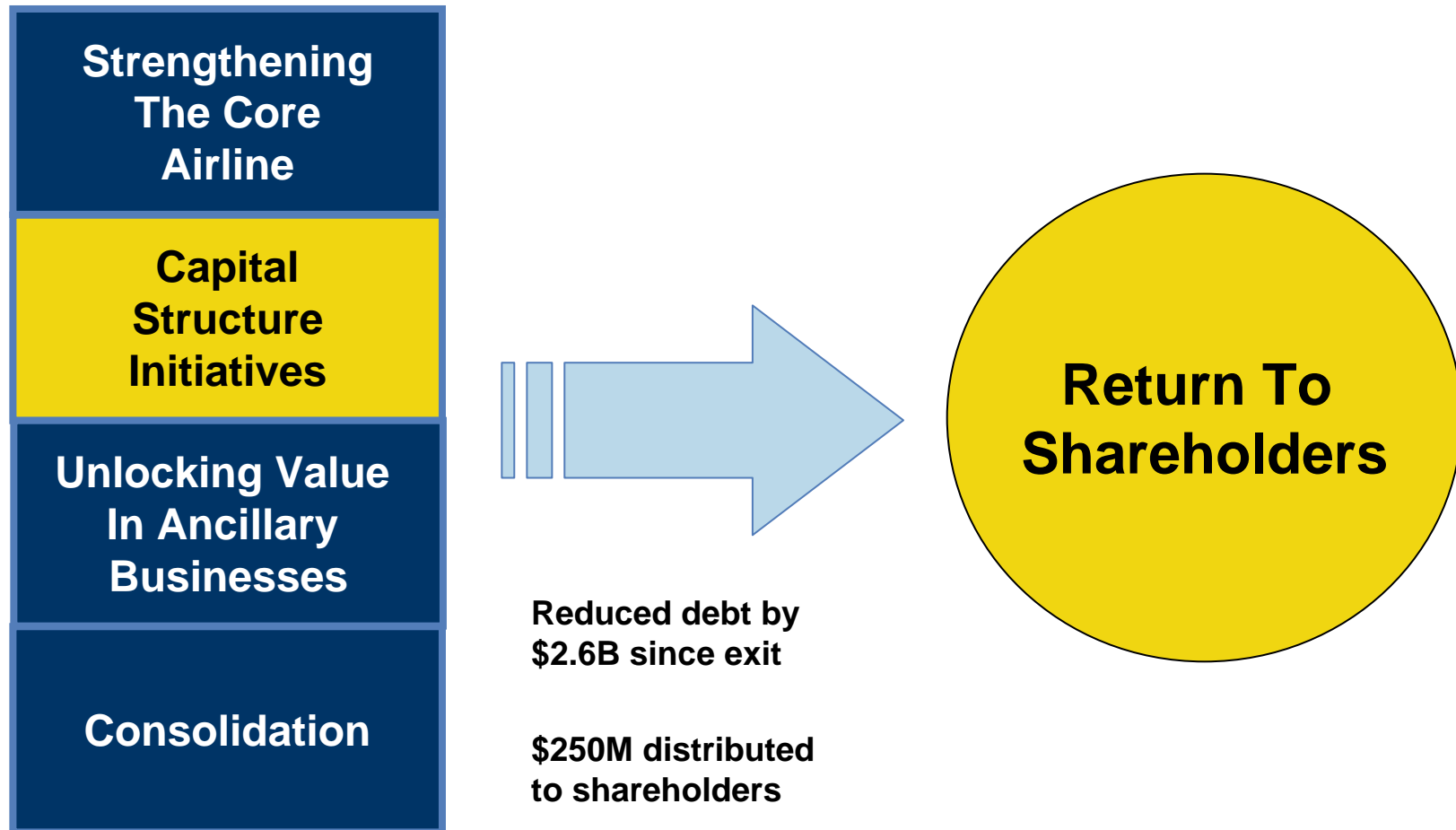


At The Same Time, We Continue To Focus On Reducing Our Non-Fuel Costs

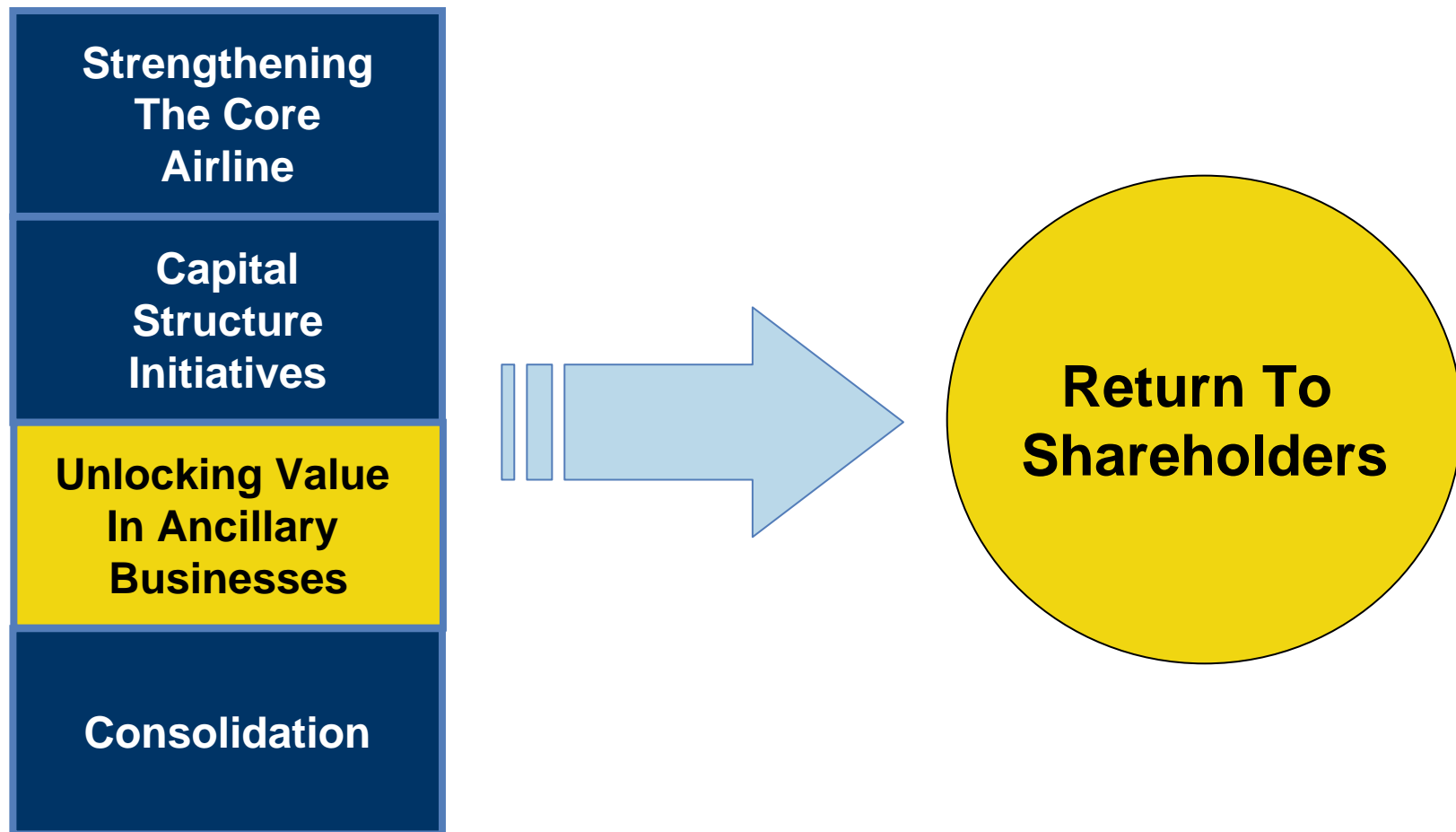


Expected to result in 2008 CASM, excluding fuel, increasing by 1.5% – 2.5%

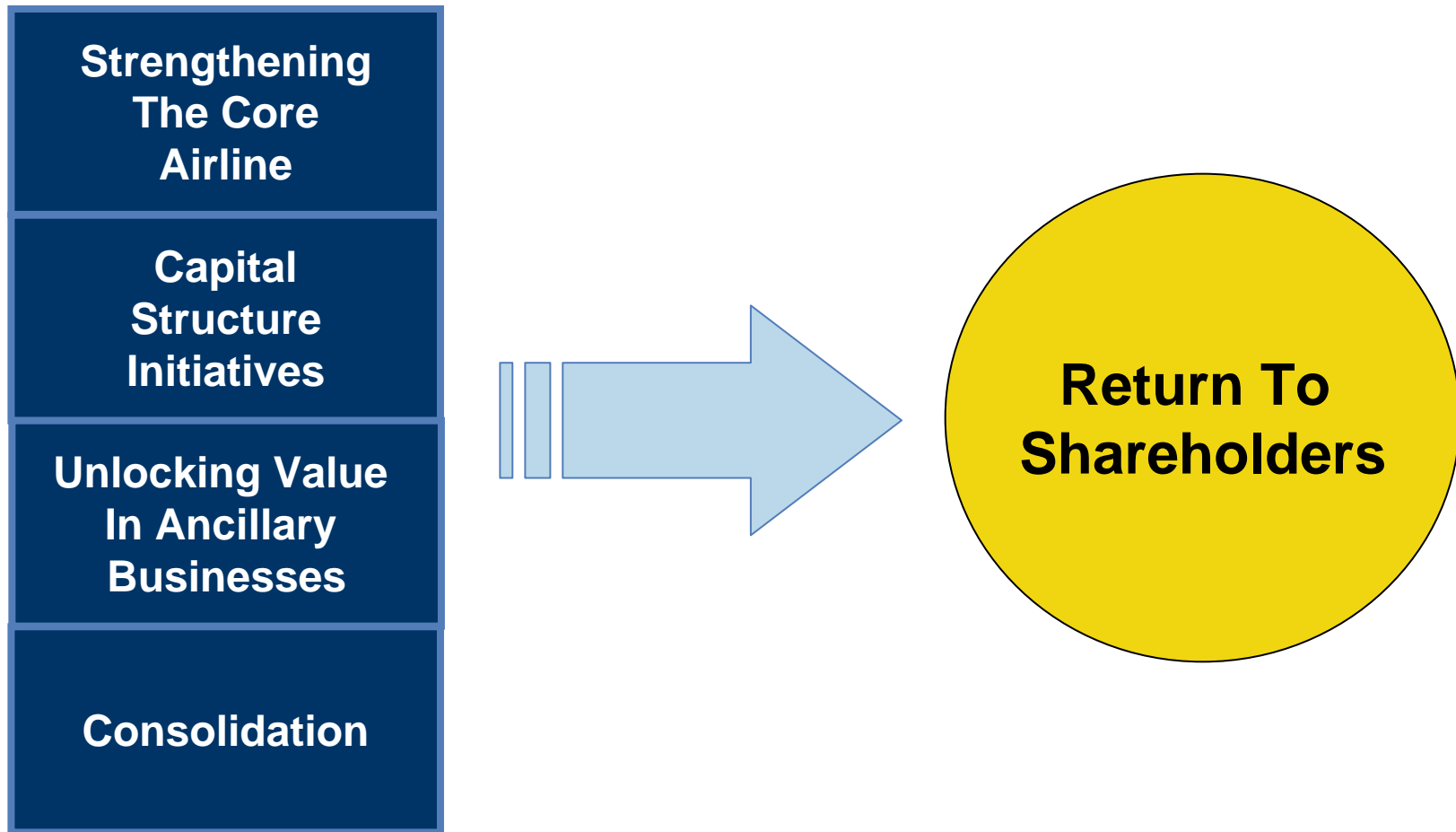
Moving To An Optimal Capital Structure Creates Additional Value



Work Is Progressing To Unlock The Value Of Our Ancillary Businesses



We Are Pursuing Multiple Approaches To Create Shareholder Value





Questions & Answers



Non-GAAP To GAAP Reconciliation

Pre-Tax Margin

	Year Ended 12/31/07	Year Ended 12/31/06
(\$ in Millions)		
Consolidated Operating Revenue	\$ 20,143	\$ 19,340
Less: Specials	(45)	-
Consolidated Operating Revenue Ex Specials	<u>20,098</u>	<u>19,340</u>
Less: Fresh Start	31	158
Consolidated Operating Revenue Ex Specials & Fresh Start	\$ <u>20,129</u>	\$ <u>19,498</u>
Consolidated Income Pre-Tax ^A	\$ 695	\$ (45)
Less: Specials and One-time Gains ^B	(152)	(14)
Pre-Tax Income Ex Specials	<u>543</u>	<u>(59)</u>
Less: Fresh Start	248	532
Consolidated Income Pre-Tax- Ex Specials & Fresh Start	\$ <u>791</u>	\$ <u>473</u>
GAAP Margin	3.4%	-0.2%
Margin Ex Specials	2.7%	-0.3%
Margin Ex Fresh Start & Specials	3.9%	2.4%

A - 2006 excludes reorganization items of \$22.9 Billion.

B - Includes special items of \$89 million and one time gains of \$41M from ARINC sale and \$22M from early debt retirement.

Mainline Unit Earnings Excluding Fuel Costs

	Year Ended 12/31/07	Year Ended 12/31/06
(\$ and ASM in Millions; Rates in cents)		
Consolidated Operating Revenues	\$ 20,143	19,340
Less: Passenger - Regional Affiliates	\$ (3,063)	(2,901)
Less: Regional Affiliates Specials	\$ (8)	-
Mainline Operating Revenues	\$ 17,072	16,439
Less: UAFC	\$ (45)	(352)
Less: Mainline Specials	\$ (37)	-
Less: Mainline Fresh Start Adjustments	\$ 26	131
Adjusted Mainline	\$ 17,016	16,218
Mainline available seat miles	141,890	143,095
GAAP Mainline RASM (in cents)	\$ 12.03	\$ 11.49
Adjusted Mainline RASM (in cents)	\$ 11.99	\$ 11.33
<hr/>		
Consolidated Operating Expenses	\$ 19,106	18,893
Less: Regional Affiliates	\$ (2,941)	(2,824)
Mainline Operating Expense	\$ 16,165	16,069
Less: Fuel	\$ (5,003)	(4,824)
Less: UAFC	\$ (36)	(342)
Less: Special Items	\$ 44	14
Mainline Operating Expense ex. Fuel and Specials	\$ 11,170	10,917
Less: Mainline Fresh Start Adjustments	\$ (223)	(323)
Adjusted Mainline Expenses	\$ 10,947	10,594
GAAP Mainline CASM (in cents)	\$ 11.39	\$ 11.23
Adjusted Mainline CASM (in cents)	\$ 7.72	\$ 7.40
GAAP Mainline Unit Earnings	\$ 0.64	\$ 0.26
Adjusted Mainline Unit Earnings	\$ 4.27	\$ 3.93

Free Cash Flow Metrics

(\$ and ASM in millions)	Twelve Months Ended
	<u>December 2007</u>
Cash Flow from Operations	\$ 2,134
Less: Capital Expenditures	<u>(507)^A</u>
Free Cash Flow	\$ 1,627
Total Revenue	\$ 20,143
Consolidated ASM	158,191
FCF/Total Revenue	8.1%
FCF/1,000 ASM	10.29

A - GAAP capital expenditures as reported in its statement of cash flows are \$658 million. The lower Non-GAAP capital expenditures is primarily due to the exclusion of \$197 million of aircraft expenditures and inclusion of capitalized IT labor expenditures, which are reported as an "Other" investing outflow in the GAAP statement of cash flows.