UNITED AIRLINES, INC.
Form 424B2
January 25, 2017
Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration Nos. 333-203630 and 333-203630-01

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum aggregate offering price	Amount of registration fee
5.00% Senior Notes due 2024	$ 300,000,000	$ 34,770.00 (1)

(1) The filing fee of $34,770.00 is calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Table of Contents

Prospectus supplement to prospectus dated April 24, 2015

$300,000,000

5.00% Senior Notes due 2024

Guaranteed by

United Airlines, Inc.

We will pay interest at the rate of 5.00% per year on the principal amount of the notes semiannually in arrears on February 1 and August 1 of each year, beginning August 1, 2017. The notes will mature on February 1, 2024.

We may redeem all of the notes at any time or a portion of the notes from time to time prior to their maturity for cash at the redemption price described in this prospectus supplement.

The notes will be fully and unconditionally guaranteed by our subsidiary United Airlines, Inc.

The notes represent our senior unsecured obligations, and the note guarantee represents the senior unsecured obligation of the guarantor. The notes and the note guarantee rank equally in right of payment with all of our and the guarantor s existing and future unsecured and unsubordinated debt. However, the notes and the note guarantee are effectively subordinated to all of our and the guarantor s existing and future secured debt to the extent of the collateral securing such debt and structurally subordinated to all existing and future obligations of our subsidiaries other than the guarantor.

The notes will not be listed on any national securities exchange.

	Per note	Total
Public offering price[(1)]	100.00%	$ 300,000,000
Underwriting discounts and commissions	0.75%	$ 2,250,000
Proceeds, before expenses, to us	99.25%	$ 297,750,000

(1) Plus accrued interest, if any, from the date of issuance.

Investing in our notes involves risk. See Risk Factors beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the notes as set forth under Underwriting. We expect to deliver the notes in book-entry form only on or about January 26, 2017.

Joint Book-Running Managers

BofA Merrill Lynch	**J.P. Morgan**
Barclays	**Deutsche Bank Securities**

The date of this prospectus supplement is January 23, 2017.

Table of Contents

TABLE OF CONTENTS

	Page
Prospectus Supplement	
About This Prospectus Supplement	i
Prospectus Supplement Summary	S-1
Risk Factors	S-6
Use of Proceeds	S-20
Capitalization	S-21
Selected Financial Data	S-22
Ratio of Earnings to Fixed Charges	S-24
Description of Notes	S-25
Certain United States Federal Tax Considerations	S-60
Certain ERISA Considerations	S-65
Underwriting	S-67
Legal Matters	S-72
Experts	S-72
Incorporation of Certain Documents by Reference	S-72

	Page
Prospectus	
About This Prospectus	1
Risk Factors	2
Cautionary Statement Concerning Forward-Looking Statements	2
The Company	4
Selling Security Holders	4
Use of Proceeds	4
Ratio of Earnings to Fixed Charges	4
Description of UAL Capital Stock	5
Description of Debt Securities And Guarantees	10
Description of Depositary Shares	19
Description of Stock Purchase Contracts And Stock Purchase Units	22
Description of Subscription Rights	22
Description of Warrants	23
Plan of Distribution	24
Where You Can Find More Information	26
Incorporation of Certain Documents by Reference	27
Legal Matters	28
Experts	28

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of notes. The second part, the base prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

In this prospectus supplement, unless otherwise indicated or the context otherwise requires, United Continental Holdings and UAL refer to United Continental Holdings, Inc. as a separate corporation, and the Company, we, us our refer to United Continental Holdings and its consolidated subsidiaries, including United Airlines, Inc.

You should rely only on the information contained in this prospectus supplement and accompanying prospectus and on the information incorporated by reference herein. We have not authorized anyone to provide you with different information. The distribution of this prospectus and sale of these securities in certain jurisdictions may be restricted by law. Persons in possession of this prospectus are required to inform themselves about and observe any such restrictions. We are not making an offer to sell these securities in any jurisdiction where such offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference is accurate only as of those documents respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following summary includes basic information about us and this offering. It may not contain all of the information that is important to you. For a more complete understanding of the Company and this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus, as well as the materials filed with the Securities and Exchange Commission (the SEC) that are considered to be part of this prospectus supplement and the accompanying prospectus. See Incorporation of Certain Documents by Reference in this prospectus supplement and the accompanying prospectus.

United Continental Holdings, Inc.

United Continental Holdings, Inc. (UAL) is a holding company, and its principal subsidiary is United Airlines, Inc. (United). United transports people and cargo through its mainline operations, which utilize jet aircraft with at least 118 seats, and regional operations, which utilize smaller aircraft that are operated under contract by United Express carriers. With key global aviation rights in North America, Asia-Pacific, Europe, Middle East and Latin America, United has the world s most comprehensive global route network. United and its regional carriers operate more than 4,500 flights a day to 339 airports across five continents. The principal executive offices of UAL and United are located at 233 S. Wacker Drive, Chicago, Illinois 60606, telephone (872) 825-4000.

The Offering

Issuer	United Continental Holdings, Inc.
Notes	$300,000,000 aggregate principal amount of 5.00% Senior Notes due 2024.
Maturity	February 1, 2024.
Interest	The notes will bear interest at the rate of 5.00% per year on the principal amount. Interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning August 1, 2017. Interest will be calculated using a 360-day year composed of twelve 30-day months. Interest will accrue from the date of original issuance of the notes.
The Note Guarantee	The notes will be fully and unconditionally guaranteed by United (the Guarantor).
Ranking	The notes represent our senior unsecured obligations, and the note guarantee represents the senior unsecured obligation of the Guarantor. The notes and note guarantee rank equally in right of payment with all of our and the Guarantor s existing and future unsecured and unsubordinated

debt. However, the notes and the note guarantee are effectively subordinated to all of our and the Guarantor s existing and future secured debt to the extent of the collateral securing such debt and structurally subordinated to all existing and future liabilities of UAL s subsidiaries other than the Guarantor.

As of September 30, 2016, assuming that the notes had been issued on such date:

UAL would have had approximately $1.2 billion of long-term debt (including current maturities), none of which was secured;

Table of Contents

UAL and its subsidiaries would have had approximately $12.0 billion of long-term debt and capital lease obligations (including current maturities), of which approximately $10.8 billion was secured, and in addition, as of such date and as of the date hereof, United had available and undrawn $1.35 billion under a secured revolving credit facility; and

United had entered into guarantees for approximately $1.9 billion aggregate principal amount of tax-exempt special facilities revenue bonds and related interest.

Sinking Fund	None.
Optional Redemption	We may redeem for cash all of the notes at any time or a portion of the notes from time to time, by paying a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed and (2) a make-whole amount, if any, plus, in either case, accrued and unpaid interest to the redemption date.
Merger and Sales of Assets	The indenture governing the notes will specify certain requirements if UAL or the Guarantor consolidates with, merges into, or conveys, transfers or leases all or substantially all of UAL s or the Guarantor s properties and assets to another Person.
Change of Control	We must offer to repurchase all of the notes at a price of 101% of the principal amount thereof plus accrued and unpaid interest to the purchase date in the event of a Change of Control, as defined in the indenture governing the notes.
Restrictive Covenants	The indenture governing the notes will limit our ability and the ability of our restricted subsidiaries to:

incur debt or issue preferred stock;

pay dividends, redeem stock or make other distributions or restricted payments; and

designate subsidiaries as unrestricted.

These covenants will be subject to a number of important exceptions and qualifications. For example, under certain circumstances, we and our restricted subsidiaries will be permitted to make significant restricted payments, incur significant amounts of indebtedness and issue preferred stock. See Description of Notes Certain Covenants Restricted Payments and Description of Notes Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock.

The notes lack a cross-default provision, a judgment default provision and some covenants typically found in other comparably rated debt securities, including some of our debt securities. See Risk Factors Risks Related to the Notes.

Table of Contents

Form and Settlement; Book-Entry System	The notes will be issued in fully registered form and will be represented by one or more global notes. The global notes will be deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (DTC). Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, book entry records maintained by DTC and its direct and indirect participants. Your interest in a global note may not be exchanged for certificated notes, except in limited circumstances.
Trading	We do not intend to list the notes on any national securities exchange. The notes will be new securities for which there is currently no public market.
Use of Proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $296,550,000 million. We intend to use the net proceeds we receive from this offering for general corporate purposes.

Table of Contents

Recent Results

The following tables summarize certain consolidated financial and operating data with respect to UAL for the fourth quarter and full year of 2016.[1]

	Three months ended December 31, 2016	Year ended December 31, 2016
	(Unaudited in millions)	
Operating revenue	$ 9,052	$ 36,556
EBITDAR[2]	1,660	6,976
Adjusted EBITDAR[2]	1,663	7,619

(1) The summary of consolidated financial data is preliminary, because, as of the date of this prospectus supplement, we have not completed our financial close process for 2016. This preliminary data is based upon our estimates and is subject to completion of our financial closing procedures. In addition, this preliminary data has not been audited by our independent registered public accounting firm.

(2) EBITDAR is defined by us as net income (loss) before interest expense net of interest income and capitalized interest, income tax expense (benefit), depreciation and amortization and aircraft rent. Adjusted EBITDAR represents EBITDAR excluding special items. A detailed listing of these exclusions is provided below. UAL s management believes that EBITDAR and Adjusted EBITDAR provide useful information about UAL s operating performance. However, these measures should not be considered as alternatives to net income (loss) or cash flows from operating activities as indicators of operating performance or liquidity. EBITDAR and Adjusted EBITDAR are not recognized terms under GAAP. EBITDAR and Adjusted EBITDAR should not be viewed in isolation and do not purport to be alternatives to net income (loss) as indicators of operating performance or cash flows from operating activities as measures of liquidity. EBITDAR and Adjusted EBITDAR exclude some, but not all, items that affect net income (loss), and these measures may vary among other companies. Therefore, EBITDAR and Adjusted EBITDAR as presented herein may not be comparable to similarly titled measures of other companies. In addition, EBITDAR, Adjusted EBITDAR, net income and interest expense as presented herein are not the same as similar terms used in the indenture for the notes offered hereby and should not be used for any calculations under such indenture. The following table shows the calculation of EBITDAR and Adjusted EBITDAR:

	Three months ended December 31, 2016	Year ended December 31, 2016
	(Unaudited in millions)	
EBITDAR and Adjusted EBITDAR Calculations		
Net income	$ 397	$ 2,263
Add back:		
Depreciation and amortization	504	1,977
Interest expense, net of interest capitalized and interest income	113	500
Income tax expense	487	1,556

Aircraft rent	159	680
EBITDAR	$ 1,660	$ 6,976
Exclusions:		
Special items	$ (27)	$ 643
Adjusted EBITDAR	$ 1,633	$ 7,619

Table of Contents

	Three months ended December 31, 2016	Year ended December 31, 2016
Operational statistics:		
Passengers (thousands)	36,023	143,177
Revenue passenger miles (millions)	51,538	210,309
Available seat miles (millions)	62,518	253,590
Passenger load factor	82.4%	82.9%
Passenger revenue per available seat mile (cents)	12.41	12.40
Cost per available seat mile (cents)	12.87	12.70
Cost per available seat mile (cents), excluding special charges, third-party business expenses and profit sharing	10.13	9.81

(See Part II, Item 6 Selected Financial Data of the Company s Annual Report on Form 10-K for the year ended December 31, 2015 for the definition of these statistics.)

Table of Contents

RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with all of the other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus, before purchasing the notes. If any of these risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. As a result, the market value of the notes could decline, and you could lose part or all of your investment.

Risk Factors Relating to the Company

Global economic, political and industry conditions constantly change and unfavorable conditions may have a material adverse effect on the Company s business and results of operations.

The Company s business and results of operations are significantly impacted by global economic and industry conditions. The airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and global economies. The Company is a global business with operations outside of the United States from which it derives significant operating revenues. The Company s international operations are a vital part of its worldwide airline network. Volatile economic, political and market conditions in these international regions may have a negative impact on the Company s operating results and its ability to achieve its business objectives.

Robust demand for the Company s air transportation services depends largely on favorable economic conditions, including the strength of the domestic and foreign economies, low unemployment levels, strong consumer confidence levels and the availability of consumer and business credit. Air transportation is often a discretionary purchase that leisure travelers may limit or eliminate during difficult economic times. In addition, during periods of unfavorable economic conditions, business travelers usually reduce the volume of their travel, either due to cost-saving initiatives or as a result of decreased business activity requiring travel. During such periods, the Company s business and results of operations may be adversely affected due to significant declines in industry passenger demand, particularly with respect to the Company s business and premium cabin travelers, and a reduction in fare levels.

Stagnant or weakening global economic conditions either in the United States or in other geographic regions, and any future volatility in U.S. and global financial and credit markets may have a material adverse effect on the Company s revenues, results of operations and liquidity. If such economic conditions were to disrupt capital markets in the future, the Company may be unable to obtain financing on acceptable terms (or at all) to refinance certain maturing debt and to satisfy future capital commitments.

Recently, United Kingdom (UK) voters voted for the UK to exit the European Union (EU), a non-binding referendum that, if passed into law, could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British pound and European euro, additional travel restrictions on passengers traveling between the UK and other EU countries and legal uncertainty and potentially divergent national laws and regulations. These adverse effects in European market conditions could negatively impact the Company s business, results of operations, and financial condition.

In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies may have a material adverse impact upon the Company s liquidity, revenues, costs and operating results.

Table of Contents

The airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on the Company.

The U.S. airline industry is characterized by substantial price competition including from low-cost carriers. The significant market presence of low-cost carriers, which engage in substantial price discounting, may diminish our ability to achieve sustained profitability on domestic and international routes.

Airlines also compete for market share by increasing or decreasing their capacity, including route systems and the number of markets served. Several of the Company s domestic and international competitors have increased their international capacity by including service to some destinations that the Company currently serves, causing overlap in destinations served and therefore increasing competition for those destinations. In addition, the Company has implemented significant capacity reductions in recent years in response to high and volatile fuel prices and stagnant global economic growth. This increased competition in both domestic and international markets may have a material adverse effect on the Company s results of operations, financial condition or liquidity.

Terrorist attacks or international hostilities, or the fear of terrorist attacks or hostilities, even if not made directly on the airline industry, could negatively affect the Company and the airline industry.

The terrorist attacks on September 11, 2001 involving commercial aircraft severely and adversely impacted the Company s financial condition and results of operations, as well as the prospects for the airline industry. Among the effects experienced from the September 11, 2001 terrorist attacks were substantial flight disruption costs caused by the Federal Aviation Administration (the FAA) imposed temporary grounding of the U.S. airline industry s fleet, significantly increased security costs and associated passenger inconvenience, increased insurance costs, substantially higher ticket refunds and significantly decreased traffic and passenger revenue.

Additional terrorist attacks, even if not made directly on the airline industry, or the fear of or the precautions taken in anticipation of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights) could materially and adversely affect the Company and the airline industry. Wars and other international hostilities could also have a material adverse impact on the Company s financial condition, liquidity and results of operations. The Company s financial resources may not be sufficient to absorb the adverse effects of any future terrorist attacks or other international hostilities.

Increasing privacy and data security obligations or a significant data breach may adversely affect the Company s business.

The Company is subject to increasing legislative, regulatory and customer focus on privacy issues and data security. Also, a number of the Company s commercial partners, including credit card companies, have imposed data security standards that the Company must meet and these standards continue to evolve. The Company will continue its efforts to meet its privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase the Company s costs. Additionally, the Company must manage evolving cybersecurity risks. The loss, disclosure, misappropriation of or access to customers , employees or business partners information or the Company s failure to meet its obligations could result in legal claims or proceedings, liability or regulatory penalties. A significant data breach or the Company s failure to meet its obligations may adversely affect the Company s reputation, business, results of operations and financial condition.

The Company relies heavily on technology and automated systems to operate its business and any significant failure or disruption of the technology or these systems could materially harm its business.

The Company depends on automated systems and technology to operate its business, including computerized airline reservation systems, flight operations systems, revenue management systems, accounting systems, telecommunication systems and commercial websites, including www.united.com. United s website and other automated systems must be able to accommodate a high volume of traffic, maintain secure information and deliver important flight and schedule information, as well as process critical financial transactions. These systems could suffer substantial or repeated disruptions due to various events, some of which are beyond the Company s control, including natural disasters, power failures, terrorist attacks, equipment or software failures, computer viruses or cyber security attacks. Substantial or repeated systems failures or disruptions, including failures or disruptions related to the Company s complex integration of systems, could reduce the attractiveness of the Company s services versus those of its competitors, materially impair its ability to market its services and operate its flights, result in the unauthorized release of confidential or otherwise protected information, result in increased costs, lost revenue and the loss or compromise of important data, and may adversely affect the Company s business, results of operations and financial condition.

Current or future litigation and regulatory actions, or failure to comply with the terms of any settlement, order or arrangement relating to these actions, could have a material adverse impact on the Company.

From time to time, we are subject to litigation and other legal and regulatory proceedings relating to our business or investigations or other actions by governmental agencies, including as described in Part I, Item 3 Legal Proceedings of the Company s Annual Report on Form 10-K for the year ended December 31, 2015 and in Part II, Item 1 Legal Proceedings of the Company s Quarterly Report for the quarter ended June 30, 2016. On October 13, 2015, United received a Civil Investigative Demand (CID) from the Civil Division of the United States Department of Justice (DOJ). The CID requested documents and oral testimony from United in connection with a DOJ industry-wide investigation related to delivery scan and other data purportedly required for payment for the carriage of mail under United s International Commercial Air Contracts with the United States Postal Service. The Company has been responding to the DOJ s request and cooperating in the investigation since that time. On November 8, 2016, the DOJ Criminal Division met with representatives from the Company and advised they are conducting an industry-wide investigation into the same matter. United is also cooperating with the government in this aspect of their investigation and on December 21, 2016, representatives from the Company met with both the Civil and Criminal Divisions to provide additional information. The Company cannot predict what action, if any, might be taken in the future by the DOJ or other governmental authorities as a result of these investigations.

No assurances can be given that the results of these or new matters will be favorable to us. An adverse resolution of lawsuits, arbitrations, investigations or other proceedings or actions could have a material adverse effect on our financial condition and results of operations, including as a result of non-monetary remedies. Defending ourselves in these matters may be time-consuming, expensive and disruptive to normal business operations and may result in significant expense and a diversion of management s time and attention from the operation of our business, which could impede our ability to achieve our business objectives. Additionally, any amount that we may be required to pay to satisfy a judgment, settlement, fine or penalty may not be covered by insurance. If we fail to comply with the terms contained in any settlement, order or agreement with a governmental authority relating to these matters, we could be subject to criminal or civil penalties, which could have a material adverse impact on the Company. Under our charter and certain indemnification agreements that we have entered into (and may in the future enter into) with our officers, directors and certain third parties, we could be required to indemnify and advance expenses to them in connection with their involvement in certain actions, suits, investigations and other proceedings. There can be no assurance that any of these payments will not be material.

Disruptions to the Company s regional network and United Express flights provided by third-party regional carriers could adversely affect the Company s operations and financial condition.

The Company has contractual relationships with various regional carriers to provide regional jet and turboprop service branded as United Express. These regional operations are an extension of the Company s mainline network and complement the Company s operations by carrying traffic that connects to mainline service and allows flights to smaller cities that cannot be provided economically with mainline aircraft. The Company s business and operations are dependent on its regional flight network, with regional capacity accounting for approximately 12% of the Company s total capacity as of December 31, 2016.

Although the Company has agreements with its regional carriers that include contractually agreed performance metrics, the Company does not control the operations of these carriers. A number of factors may impact the Company s regional network, including weather-related effects and seasonality. In addition, the decrease in qualified pilots driven by federal regulations has adversely impacted and could continue to affect the Company s regional flying. For example, the FAA s expansion of minimum pilot qualification standards, including a requirement that a pilot have at least 1,500 total flight hours, as well as the FAA s revised pilot flight and duty time rules, effective January 2014, have contributed to a smaller supply of pilots available to regional carriers. The decrease in qualified pilots resulting from the regulations as well as factors including a decreased student pilot population and a shrinking U.S. military from which to hire qualified pilots, could adversely impact the Company s operations and financial condition, and also require the Company to reduce regional carrier flying.

If a significant disruption occurs to the Company s regional network or flights or if one or more of the regional carriers with which the Company has relationships is unable to perform their obligations over an extended period of time, there could be a material adverse effect on the Company s business, financial condition and operations.

The Company s business relies extensively on third-party service providers. Failure of these parties to perform as expected, or interruptions in the Company s relationships with these providers or their provision of services to the Company, could have an adverse effect on the Company s financial position and results of operations.

The Company has engaged third-party service providers to perform a large number of functions that are integral to its business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of information technology infrastructure and services, transmitting or uploading of data, provision of aircraft maintenance and repairs, provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. The Company does not directly control these third-party service providers, although it does enter into agreements with most of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments to the Company, may suffer disruptions to their systems that could impact their services, or the agreements with such providers may be terminated. For example, flight reservations booked by customers and travel agencies via third-party global distribution systems (GDS) may be adversely affected by disruptions in the business relationships between the Company and GDS operators. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the Company s flight information to be limited or unavailable for display, significantly increase fees for both the Company and GDS users, and impair the Company s relationships with its customers and travel agencies. The failure of any of the Company s third-party service providers to perform their service obligations adequately, or other interruptions of services, may reduce the Company s revenues and increase its expenses, prevent the Company from operating its flights and providing other services to its customers or result in adverse publicity or harm to its brand. In addition, the Company s business and financial performance could be materially harmed if its customers believe that its services are unreliable or unsatisfactory.

Orders for new aircraft typically must be placed years in advance of scheduled deliveries, and changes in the Company s route network over time may make aircraft on order less economic for the Company, but any modification or termination of such orders could result in material liability for the Company.

The Company s orders for new aircraft are typically made years in advance of actual delivery of such aircraft, and the financial commitment required for purchases of new aircraft is substantial. At December 31, 2015, the Company had firm commitments to purchase 240 new aircraft from Boeing, Airbus and Embraer, as well as related agreements with engine manufacturers, maintenance providers and others. At December 31, 2015, the Company s commitments relating to the acquisition of aircraft and related spare engines, aircraft improvements and other related obligations aggregated $23.2 billion.

Table of Contents

Subsequent to the Company placing an order for new aircraft, the Company s route network may change, such that the aircraft on order become less economic to operate flights in the Company s network. As a result, the Company s preference for a particular aircraft that it has ordered, often years in advance, may be decreased or eliminated. If the Company were to seek to modify or terminate its existing aircraft order commitments, it may be responsible for material obligations to its counterparties arising from any such change. However, the Company expects that any such change that it makes would be in the long-term best economic interest of the Company.

The Company could experience adverse publicity, harm to its brand, reduced travel demand and potential tort liability as a result of an accident, catastrophe, or incident involving its aircraft, the aircraft of its regional carriers or the aircraft of its codeshare partners, which may result in a material adverse effect on the Company s results of operations or financial position.

An accident, catastrophe, or incident involving an aircraft that the Company operates, or an aircraft that is operated by a codeshare partner or one of the Company s regional carriers, could have a material adverse effect on the Company if such accident, catastrophe, or incident created a public perception that the Company s operations, or the operations of its codeshare partners or regional carriers, are not safe or reliable, or are less safe or reliable than other airlines. Such public perception could in turn result in adverse publicity for the Company, cause harm to the Company s brand and reduce travel demand on the Company s flights, or the flights of its codeshare partners or regional carriers.

In addition, any such accident, catastrophe, or incident could expose the Company to significant tort liability. Although the Company currently maintains liability insurance in amounts and of the type the Company believes to be consistent with industry practice to cover damages arising from any such accident or catastrophe, and the Company s codeshare partners and regional carriers carry similar insurance and generally indemnify the Company for their operations, if the Company s liability exceeds the applicable policy limits or the ability of another carrier to indemnify it, the Company could incur substantial losses from an accident, catastrophe or incident which may result in a material adverse effect on the Company s results of operations or financial position.

If we experience changes in, or are unable to retain, our senior management team or other key employees, our operating results could be adversely affected.

Much of our future success depends on the continued availability of skilled personnel with industry experience and knowledge, including our senior management team and other key employees. If we are unable to attract and retain talented, highly qualified senior management and other key employees, or if we are unable to effectively provide for the succession of senior management our business may be adversely affected.

High and/or volatile fuel prices or significant disruptions in the supply of aircraft fuel could have a material adverse impact on the Company s strategic plans, operating results, financial position and liquidity.

Aircraft fuel is critical to the Company s operations and is one of its single largest operating expenses. The timely and adequate supply of fuel to meet operational demand depends on the continued availability of reliable fuel supply sources, as well as related service and delivery infrastructure. Although the Company has some ability to cover short-term fuel supply and infrastructure disruptions at some major demand locations, it can neither predict nor guarantee the continued timely availability of aircraft fuel throughout the Company s system. The Company generally sources fuel at prevailing market prices.

Aircraft fuel has historically been the Company s most volatile operating expense due to the highly unpredictable nature of market prices for fuel. Market prices for aircraft fuel have historically fluctuated substantially in short periods of time and continue to be highly volatile due a dependence on a multitude of unpredictable factors beyond the

Company s control. These factors include changes in global crude oil prices, the

Table of Contents

balance between aircraft fuel supply and demand, natural disasters, prevailing inventory levels and fuel production and transportation infrastructure. Prices of fuel are also impacted by indirect factors that may potentially impact fuel supply or demand balance, such as geopolitical events, economic growth indicators, fiscal/monetary policies, fuel tax policies, environmental concerns and financial investments in energy markets. Both actual changes in these factors, as well as changes in market expectations of these factors can potentially drive rapid changes in fuel price levels in short periods of time.

Given the highly competitive nature of the airline industry, the Company may not be able to increase its fares and fees sufficiently to offset the full impact of increases in fuel prices, especially if these increases are significant, rapid and sustained. Further, such fare and fee increases may not be sustainable, may reduce the general demand for air travel and may also eventually impact the Company s strategic growth and investment plans for the future. In addition, decreases in fuel prices for an extended period of time may result in increased industry capacity, increased competitive actions for market share and lower fares or surcharges in general. If fuel prices were to then subsequently rise quickly, there may be a lag between the rise in fuel prices and any improvement of the revenue environment.

See Note 10 to the financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 and Note 7 to the financial statements included in the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 for additional information on the Company s hedging programs.

Union disputes, employee strikes or slowdowns, and other labor-related disruptions, as well as the integration of United s workforces in connection with the Company s merger transaction in 2010, could adversely affect the Company s operations and could result in increased costs that could have a material financial impact on the Company.

United is a highly unionized company. As of September 30, 2016, the Company and its subsidiaries had approximately 87,500 active employees, of whom approximately 80% were represented by various U.S. labor organizations.

There is a risk that unions or individual employees might still pursue judicial or arbitral claims arising out of changes implemented as a result of the Company s merger transaction in 2010. There is also a possibility that employees or unions could engage in job actions such as slowdowns, work-to-rule campaigns, sick-outs or other actions designed to disrupt the Company s normal operations, in an attempt to pressure the Company in collective bargaining negotiations. Although the Railway Labor Act makes such actions unlawful until the parties have been lawfully released to self-help, and the Company can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined. In addition, joint collective bargaining agreements with the Company s represented employee groups increase the Company s labor costs, which increase could be material to any applicable reporting period.

See Notes 15 and 16 to the financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 and Note 8 to the financial statements included in the Company s Quarterly Report for the quarter ended September 30, 2016 for additional information on labor negotiations and costs.

An outbreak of a disease or similar public health threat could have a material adverse impact on the Company s business, financial position and results of operations.

An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the Company s business, financial condition and results of operations.

Extensive government regulation could increase the Company s operating costs and restrict its ability to conduct its business.

Airlines are subject to extensive regulatory and legal oversight. Compliance with U.S. and international regulations imposes significant costs and may have adverse effects on the Company. Laws, regulations, taxes and airport rates and charges, both domestically and internationally, have been proposed from time to time that could significantly increase the cost of airline operations or reduce airline revenue.

United provides air transportation under certificates of public convenience and necessity issued by the U.S. Department of Transportation (the DOT). If the DOT altered, amended, modified, suspended or revoked these certificates, it could have a material adverse effect on the Company s business. The FAA regulates the safety of United s operations. United operates pursuant to an air carrier operating certificate issued by the FAA. In January 2014, the FAA s more stringent pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations took effect, which has increased costs for all carriers. In July 2014, minimum qualifications took effect for air carrier first officers. These regulations will continue to impact the industry and the Company for years to come, as they have caused mainline airlines to hire regional pilots, while simultaneously significantly reducing the pool of new pilots from which regional carriers themselves can hire. Although this is an industry issue, it directly affects the Company and requires it to reduce regional partner flying, as several regional partners have experienced difficulty flying their schedules due to reduced pilot availability. From time to time, the FAA also issues orders, airworthiness directives and other regulations relating to the maintenance and operation of aircraft that require material expenditures or operational restrictions by the Company. These FAA orders and directives could include the temporary grounding of an entire aircraft type if the FAA identifies design, manufacturing, maintenance or other issues requiring immediate corrective action. These FAA directives or requirements could have a material adverse effect on the Company.

In addition, the Company s operations may be adversely impacted due to the existing antiquated air traffic control (ATC) system utilized by the U.S. government. During peak travel periods in certain markets, the current ATC system s inability to handle ATC demand has led to short-term capacity constraints imposed by government agencies and resulted in delays and disruptions of air traffic. In addition, the current system will not be able to effectively handle projected future air traffic growth. Imposition of these ATC constraints on a long-term basis may have a material adverse effect on the Company s operations. Failure to update the ATC system in a timely manner, and the substantial funding requirements of a modernized ATC system that may be imposed on air carriers may have an adverse impact on the Company s financial condition or results of operations.

Access to landing and take-off rights, or slots, at several major U.S. airports and many foreign airports served by the Company are, or recently have been, subject to government regulation. Certain of the Company s major hubs are among the most congested airports in the United States and have been or could be the subject of regulatory action that might limit the number of flights and/or increase costs of operations at certain times or throughout the day. The FAA may limit the Company s airport access by limiting the number of departure and arrival slots at high density traffic airports, which could affect the Company s ownership and transfer rights, and local airport authorities may have the ability to control access to certain facilities or the cost of access to their facilities, which could have an adverse effect on the Company s business. The FAA historically has taken actions with respect to airlines slot holdings that airlines have challenged; if the FAA were to take actions that adversely affect the Company s slot holdings, the Company could incur substantial costs to preserve its slots or may lose slots. If slots are eliminated at an airport, or if the number of hours of operation governed by slots is reduced at an airport, the lack of controls on takeoffs and landings could result in greater congestion both at the affected airport or in the regional airspace (e.g., the New York City metropolitan region airspace) and could significantly impact the Company s operations. Further, the Company s operating costs at airports, including the Company s major hubs, may increase significantly because of capital improvements at such airports that the Company may be required to fund, directly or indirectly. Such costs could be imposed by the relevant airport authority without the Company s approval and may have a material adverse effect on the Company s financial condition.

Table of Contents

The ability of carriers to operate flights on international routes between the United States and other countries may be subject to change. Applicable arrangements between the United States and foreign governments may be amended from time to time, government policies with respect to airport operations may be revised, and the availability of appropriate slots or facilities may change. The Company currently operates a number of flights on international routes under government arrangements, regulations or policies that designate the number of carriers permitted to operate on such routes, the capacity of the carriers providing services on such routes, the airports at which carriers may operate international flights, or the number of carriers allowed access to particular airports. Any further limitations, additions or modifications to such arrangements, regulations or policies could have a material adverse effect on the Company s financial position and results of operations. Additionally, a change in law, regulation or policy for any of the Company s international routes, such as Open Skies, could have a material adverse impact on the Company s financial position and results of operations and could result in the impairment of material amounts of related tangible and intangible assets. In addition, competition from revenue-sharing joint ventures and other alliance arrangements by and among other airlines could impair the value of the Company s business and assets on the Open Skies routes. The Company s plans to enter into or expand U.S. antitrust immunized alliances and joint ventures on various international routes are subject to receipt of approvals from applicable U.S. federal authorities and obtaining other applicable foreign government clearances or satisfying the necessary applicable regulatory requirements. There can be no assurance that such approvals and clearances will be granted or will continue in effect upon further regulatory review or that changes in regulatory requirements or standards can be satisfied.

Many aspects of the Company s operations are also subject to increasingly stringent federal, state, local and international laws protecting the environment. Future environmental regulatory developments, such as climate change regulations in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. There are certain climate change laws and regulations that have already gone into effect and that apply to the Company, including the State of California s greenhouse gas (GHG) cap and trade regulations, environmental taxes for certain international flights, limited GHG reporting requirements and land-use planning laws which could apply to airports and could affect airlines in certain circumstances. In addition, there is the potential for additional regulatory actions in regard to the emission of GHGs by the aviation industry. The precise nature of future requirements and their applicability to the Company are difficult to predict, but the financial impact to the Company and the aviation industry would likely be adverse and could be significant.

In 2017, the U.S. Congress will continue to consider legislation to reauthorize the FAA, which encompasses all significant aviation tax and policy related issues. As with previous reauthorization legislation, the U.S. Congress may consider a range of policy changes that could impact the Company s operations and costs.

See Part I, Item 1, Business Industry Regulation, of the Company s Annual Report on Form 10-K for the year ended December 31, 2015 for additional information on government regulation impacting the Company.

The airline industry may undergo further change with respect to alliances and joint ventures or due to consolidations, any of which could have a material adverse effect on the Company.

The Company faces and may continue to face strong competition from other carriers due to the modification of alliances and formation of new joint ventures. Carriers may improve their competitive positions through airline alliances, slot swaps and/or joint ventures. Certain types of airline joint ventures further competition by allowing multiple airlines to coordinate routes, pool revenues and costs, and enjoy other mutual benefits, achieving many of the benefits of consolidation. Open Skies agreements, including the agreements between the United States and the European Union and between the United States and Japan, may also give rise to better integration opportunities among international carriers. Movement of airlines between current global airline alliances could reduce joint network coverage for members of such alliances while also creating opportunities for joint ventures and bilateral alliances that did not exist before such realignment. There is ongoing speculation that further airline and airline alliance consolidations or reorganizations could occur in the

Table of Contents

future, especially if new Open Skies agreements between Brazil and the United States are fully implemented. The Company routinely engages in analysis and discussions regarding its own strategic position, including current and potential alliances, asset acquisitions and divestitures and may have future discussions with other airlines regarding strategic activities. If other airlines participate in such activities, those airlines may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of the Company and potentially impairing the Company s ability to realize expected benefits from its own strategic relationships.

Insufficient liquidity may have a material adverse effect on the Company s financial position and business.

The Company has a significant amount of financial leverage from fixed obligations, including aircraft lease and debt financings, leases of airport property and other facilities, and other material cash obligations. In addition, the Company has substantial noncancelable commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines.

Although the Company s cash flows from operations and its available capital, including the proceeds from financing transactions, have been sufficient to meet these obligations and commitments to date, the Company s future liquidity could be negatively affected by the risk factors discussed in this Prospectus Supplement under the heading Risk Factors , or in the Company s Annual Report on Form 10-K for the year ended December 31, 2015, including, but not limited to, substantial volatility in the price of fuel, adverse economic conditions, disruptions in the global capital markets and catastrophic external events.

If the Company s liquidity is materially diminished due to the various risk factors noted in this Prospectus Supplement under the heading Risk Factors , or in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 or otherwise, the Company might not be able to timely pay its leases and debts or comply with certain operating and financial covenants under its financing and credit card processing agreements or with other material provisions of its contractual obligations. Certain of these covenants require the Company or United, as applicable, to maintain minimum liquidity and/or minimum collateral coverage ratios. The Company s or United s ability to comply with these covenants may be affected by events beyond its control, including the overall industry revenue environment, the level of fuel costs and the appraised value of the collateral.

If the Company does not timely pay its leases and debts or comply with such covenants, a variety of adverse consequences could result. These potential adverse consequences include an increase of required reserves under credit card processing agreements, withholding of credit card sale proceeds by its credit card service providers, loss of undrawn lines of credit, the occurrence of one or more events of default under the relevant agreements, the acceleration of the maturity of debt and/or the exercise of other remedies by its creditors and equipment lessors that could result in a material adverse effect on the Company s financial position and results of operations. The Company cannot provide assurance that it would have sufficient liquidity to repay or refinance such debt if it were accelerated. In addition, an event of default or acceleration of debt under certain of its financing agreements could result in one or more events of default under certain of the Company s other financing agreements due to cross default and cross acceleration provisions.

Furthermore, insufficient liquidity may limit the Company s ability to withstand competitive pressures and downturns in the travel business and the economy in general.

The Company s substantial level of indebtedness and non-investment grade credit rating, as well as market conditions and the availability of assets as collateral for loans or other indebtedness, may make it difficult for the Company to raise additional capital if needed to meet its liquidity needs on acceptable terms, or at all.

See Management s Discussion and Analysis of Financial Condition and Results of Operations, included in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 and in the Company s

Table of Contents

Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 for additional information regarding the Company s liquidity.

Increases in insurance costs or reductions in insurance coverage may materially and adversely impact the Company s results of operations and financial condition.

The Company could be exposed to significant liability or loss if its property or operations were to be affected by a natural catastrophe or other event, including aircraft accidents. If the Company is unable to obtain sufficient insurance (including but not limited to aviation hull and liability insurance, workers compensation, and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, its results of operations and financial condition could be materially and adversely affected.

The Company s results of operations fluctuate due to seasonality and other factors associated with the airline industry.

Due to greater demand for air travel during the spring and summer months, revenues in the airline industry in the second and third quarters of the year are generally stronger than revenues in the first and fourth quarters of the year, which are periods of lower travel demand. The Company s results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal including, among others, the imposition of excise and similar taxes, extreme or severe weather, ATC congestion, geological events, natural disasters, changes in the competitive environment due to industry consolidation, general economic conditions and other factors. As a result, the Company s quarterly operating results are not necessarily indicative of operating results for an entire year and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results.

The Company may never realize the full value of its intangible assets or its long-lived assets causing it to record impairments that may negatively affect its financial position and results of operations.

In accordance with applicable accounting standards, the Company is required to test its indefinite-lived intangible assets for impairment on an annual basis, or more frequently if conditions indicate that an impairment may have occurred. In addition, the Company is required to test certain of its other assets for impairment if conditions indicate that an impairment may have occurred.

The Company may be required to recognize impairments in the future due to, among other factors, extreme fuel price volatility, tight credit markets, a decline in the fair value of certain tangible or intangible assets, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. The Company can provide no assurance that a material impairment charge of tangible or intangible assets will not occur in a future period. The va