

United Continental Holdings, Inc.
Form 10-Q
October 24, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation	I.R.S. Employer Identification No
001-06033	United Continental Holdings, Inc. 233 South Wacker Drive, Chicago, Illinois 60606 (312) 997-8000	Delaware	36-2675207

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001-10323 **United Airlines, Inc.** Delaware 74-2099724
 233 South Wacker Drive, Chicago, Illinois 60606
 (312) 997-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

United Continental Holdings, Inc. Yes No United Airlines, Inc. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

United Continental Holdings, Inc. Yes No United Airlines, Inc. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

United Continental Holdings, Inc. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 United Airlines, Inc. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

United Continental Holdings, Inc. Yes No
 United Airlines, Inc. Yes No

The number of shares outstanding of each of the issuer's classes of common stock as of October 15, 2013 is shown below:

United Continental Holdings, Inc. 361,871,592 shares of common stock (\$0.01 par value)
 United Airlines, Inc. 1,000 (100% owned by United Continental Holdings, Inc.)

There is no market for United Airlines, Inc. common stock.

OMISSION OF CERTAIN INFORMATION

This combined Form 10-Q is separately filed by United Continental Holdings, Inc. and United Airlines, Inc. United Airlines, Inc. meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format allowed under that General Instruction.

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United Airlines, Inc.

Report on Form 10-Q

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(In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating revenue:				
Passenger Mainline	\$ 7,025	\$ 6,993	\$ 19,792	\$ 19,891
Passenger Regional	1,893	1,781	5,353	5,159
Total passenger revenue	8,918	8,774	25,145	25,050
Cargo	199	246	662	775
Other operating revenue	1,111	889	3,143	2,625
	10,228	9,909	28,950	28,450
Operating expense:				
Aircraft fuel	3,262	3,406	9,380	10,043
Salaries and related costs	2,209	2,038	6,511	5,959
Regional capacity purchase	621	628	1,837	1,887
Landing fees and other rent	540	504	1,544	1,476
Aircraft maintenance materials and outside repairs	472	469	1,390	1,308
Depreciation and amortization	435	379	1,268	1,137
Distribution expenses	377	356	1,052	1,038
Aircraft rent	231	245	706	747
Special charges (Note 10)	211	514	355	884
Other operating expenses	1,362	1,170	3,893	3,467
	9,720	9,709	27,936	27,946
Operating income	508	200	1,014	504
Nonoperating income (expense):				
Interest expense	(195)	(202)	(590)	(631)
Interest capitalized	12	9	35	26
Interest income	5	4	16	16
Miscellaneous, net	52	4	(48)	(7)
	(126)	(185)	(587)	(596)
Income (loss) before income taxes	382	15	427	(92)
Income tax expense (benefit)	3	9	(4)	11
Net income (loss)	\$ 379	\$ 6	\$ 431	\$ (103)
Earnings (loss) per share, basic	\$ 1.06	\$ 0.02	\$ 1.25	\$ (0.31)

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Earnings (loss) per share, diluted	\$ 0.98	\$ 0.02	\$ 1.15	\$ (0.31)
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The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

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	Three Months		Nine Months Ended	
	Ended		September 30,	
	September 30,	2012	2013	2012
	2013			
Net income (loss)	\$ 379	\$ 6	\$ 431	\$ (103)
Other comprehensive income, net:				
Net change related to fuel derivative financial instruments	30	171	20	71
Net change related to employee benefit plans	51	4	531	13
Net change related to investments and other	(5)	5	2	14
	76	180	553	98
Total comprehensive income (loss), net	\$ 455	\$ 186	\$ 984	\$ (5)

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents**UNITED CONTINENTAL HOLDINGS, INC.****CONSOLIDATED BALANCE SHEETS****(In millions, except shares)**

	(Unaudited) September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,935	\$ 4,770
Short-term investments	1,801	1,773
Total unrestricted cash, cash equivalents and short-term investments	5,736	6,543
Restricted cash	46	65
Receivables, less allowance for doubtful accounts (2013 \$16; 2012 \$13)	1,693	1,338
Aircraft fuel, spare parts and supplies, less obsolescence allowance (2013 \$157; 2012 \$125)	646	695
Deferred income taxes	568	543
Prepaid expenses and other	700	865
	9,389	10,049
Operating property and equipment:		
Owned		
Flight equipment	18,486	17,561
Other property and equipment	3,474	3,269
	21,960	20,830
Less Accumulated depreciation and amortization	(5,846)	(5,006)
	16,114	15,824
Purchase deposits for flight equipment	674	462
Capital leases		
Flight equipment	1,483	1,484
Other property and equipment	306	