

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)
(In millions, except per share amounts)

(In accordance with GAAP)	Three Months Ended		%
	March 31,		Increase/ (Decrease)
	2008	2007	
Operating revenues:			
Passenger - United Airlines	\$ 3,545	\$ 3,264	8.6
Passenger - Regional Affiliates	715	675	5.9
Cargo	218	168	29.8
Other operating revenues	233	266	(12.4)
	4,711	4,373	7.7
Operating expenses:			
Aircraft fuel	1,575	1,041	51.3
Salaries and related costs	1,046	1,068	(2.1)
Regional affiliates (a)	779	692	12.6
Purchased services	349	301	15.9
Aircraft maintenance materials and outside repairs	317	281	12.8
Landing fees and other rent	230	238	(3.4)
Depreciation and amortization	220	220	-
Distribution expenses	184	188	(2.1)
Aircraft rent	99	100	(1.0)
Cost of third party sales	64	93	(31.2)
Special operating items (Note 3)	-	(22)	(100.0)
Other operating expenses	289	265	9.1
	5,152	4,465	15.4
Loss from operations	(441)	(92)	379.3
Other income (expense):			
Interest expense	(135)	(206)	(34.5)
Interest income	48	58	(17.2)
Interest capitalized	5	5	-
Miscellaneous, net	(19)	(2)	NM
	(101)	(145)	(30.3)
Loss before income taxes and equity in earnings of affiliates	(542)	(237)	128.7
Income tax benefit	(3)	(84)	(96.4)
Loss before equity in earnings of affiliates	(539)	(153)	252.3
Equity in earnings of affiliates, net of tax	2	1	100.0
Net loss	\$ (537)	\$ (152)	253.3
Loss per share, basic and diluted	\$ (4.45)	\$ (1.32)	
Weighted average shares, basic and diluted	121.1	117.0	

See accompanying notes.

(a) Regional affiliates expense includes regional aircraft rent expense. See Note 2 for more information.

NM Not meaningful.

UAL CORPORATION AND SUBSIDIARY COMPANIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)
(In millions)

(In accordance with GAAP)	Three Months Ended		%
	March 31,		Increase/
	2008	2007	(Decrease)
Cash flows provided (used) by operating activities	\$ (80)	\$ 626	-
Cash flows provided (used) by investing activities:			
Net sales of short-term investments	1,809	119	NM
Additions to property and equipment	(101)	(68)	48.5
(Increase) decrease in restricted cash	28	(9)	-
Other, net	(11)	(8)	37.5
	<u>1,725</u>	<u>34</u>	NM
Cash flows provided (used) by financing activities:			
Special distribution	(251)	-	-
Repayment of other long-term debt	(182)	(318)	(42.8)
Principal payments under capital leases	(12)	(13)	(7.7)
Repayment of Credit Facility	(9)	(986)	(99.1)
Other, net	(12)	1	-
	<u>(466)</u>	<u>(1,316)</u>	(64.6)
Increase (decrease) in cash and cash equivalents during the period	1,179	(656)	-
Cash and cash equivalents at beginning of the period	<u>1,259</u>	<u>3,832</u>	(67.1)
Cash and cash equivalents at end of the period	<u>\$ 2,438</u>	<u>\$ 3,176</u>	(23.2)

Reconciliation of cash and cash equivalents to total cash and cash equivalents, short-term investments and restricted cash:

	As of		%
	March 31,		Increase/
	2008	2007	(Decrease)
Cash and cash equivalents	\$ 2,438	\$ 3,176	(23.2)
Short-term investments	486	193	151.8
Restricted cash	728	856	(15.0)
Total cash and cash equivalents, short-term investments and restricted cash (a)	<u>\$ 3,652</u>	<u>\$ 4,225</u>	(13.6)

(a) See Note 7[i] for the Company's computation of free cash flow.

NM Not meaningful.

CONSOLIDATED NOTES (UNAUDITED)

- (1) UAL Corporation ("UAL" or the "Company") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United"). On December 9, 2002, UAL, United and twenty-six direct and indirect wholly-owned subsidiaries filed Chapter 11 petitions for relief in the U.S. Bankruptcy Court for the Northern District of Illinois. On February 1, 2006 (the "Effective Date"), the Company emerged from Chapter 11. In connection with its emergence from Chapter 11 bankruptcy protection, the Company implemented fresh-start reporting in accordance with American Institute of Certified Public Accountants' Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" on the Effective Date. The application of fresh-start reporting resulted in significant changes to the historical financial statements.
- (2) United has contractual relationships with various regional carriers to provide regional jet and turboprop service branded as United Express. Under these agreements, United pays the regional carriers contractually agreed fees for crew expenses, maintenance expenses and other costs of operating these flights. These costs include aircraft rents of \$104 million and \$107 million for the three months ended March 31, 2008 and 2007, respectively, which are included in regional affiliate expense in our Statements of Consolidated Operations.
- (3) The Company recorded a special operating expense credit of \$22 million in the three months ended March 31, 2007 related to bankruptcy facility lease secured interest litigation, which remains unresolved from the Company's recent reorganization.
- (4) Included in UAL's operating earnings are the results of United's wholly-owned subsidiary United Aviation Fuels Corporation ("UAFC").

	Three Months Ended		% Change
	March 31,		
UAFC (In millions)	2008	2007	
Other operating revenues	\$ 3	\$ 25	(88.0)
Cost of third party sales	-	23	(100.0)
Earnings from operations	\$ 3	\$ 2	50.0

- (5) UAL's results of operations include aircraft fuel expense for both United mainline jet operations and regional affiliates. Aircraft fuel expense incurred as a result of the Company's regional affiliates' operations is reflected in Regional affiliates operating expense. In accordance with UAL's agreement with its regional affiliates, these costs are incurred by the Company.

**Year-Over-Year Impact of Fuel Expense
United Mainline and Regional Affiliate Operations**

(In millions, except per gallon)	Three Months Ended		% Change
	March 31,		
	2008	2007	
Mainline fuel expense	\$ 1,575	\$ 1,041	51.3
Regional affiliates fuel expense	278	194	43.3
United system fuel expense	\$ 1,853	\$ 1,235	50.0
Mainline fuel consumption (gallons)	556	551	0.9
Mainline average jet fuel price per gallon (in cents)	283.3	188.9	50.0
Regional affiliates fuel consumption (gallons)	92	92	-
Regional affiliates average jet fuel price per gallon (in cents)	302.2	209.9	44.0

- (6) The tables below set forth certain operating statistics by geographic region and the Company's mainline, regional affiliates and consolidated operations, excluding special items:

(% change from prior year)

Three Months Ended March 31, 2008	North America	Pacific	Atlantic	Latin	Mainline	Regional Affiliates	Consolidated
Passenger revenues	4.0	12.1	20.9	15.7	8.6	5.9	8.1
ASM	(6.4)	5.6	18.3	3.2	-	(1.2)	(0.1)
RPM	(8.2)	0.3	15.3	0.5	(2.9)	(5.6)	(3.2)
PRASM	11.1	6.1	2.2	12.1	8.7	7.2	8.3
Yield [a]	13.2	11.7	5.1	17.1	11.8	12.3	11.6
Load factor (points)	(1.6)	(4.2)	(2.0)	(2.1)	(2.3)	(3.4)	(2.4)

[a] Yields for geographic regions exclude charter revenue, industry reduced fares, passenger charges and related revenue passenger miles.

CONSOLIDATED NOTES (UNAUDITED)

(7) Pursuant to SEC Regulation G, the Company has included the following reconciliation of reported non-GAAP financial measures to comparable financial measures reported on a GAAP basis. The Company believes that excluding fuel costs 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. The Company also believes that adjusting for special items is useful to investors because they are non-recurring items not indicative of the Company's on-going performance. In addition, the Company adjusts for Mileage Plus impacts for better comparison to several of its peers as many still apply the incremental cost method of accounting to their loyalty plans.

The tables below set forth the reconciliation of GAAP and non-GAAP financial measures for certain operating statistics that are used in determining key indicators such as adjusted passenger revenue per revenue passenger mile ("Yield"), operating revenue per available seat mile ("RASM"), operating margin, net income (loss) and operating expense per available seat mile ("CASM").

	Three Months Ended		
	March 31,		%
	2008	2007	Change
[a] <u>Yield (In millions)</u>			
<i>Mainline</i>			
Passenger - United Airlines	\$ 3,545	\$ 3,264	8.6
Less: industry reduced fares and passenger charges	(10)	(10)	-
Mainline adjusted passenger revenue	<u>\$ 3,535</u>	<u>\$ 3,254</u>	8.6
Mainline revenue passenger miles	26,927	27,729	(2.9)
Adjusted mainline yield (in cents)	13.13	11.74	11.8
<i>Consolidated</i>			
Consolidated passenger revenue	\$ 4,260	\$ 3,939	8.1
Less: industry reduced fares and passenger charges	(10)	(10)	-
Consolidated adjusted passenger revenue	<u>\$ 4,250</u>	<u>\$ 3,929</u>	8.2
Consolidated revenue passenger miles	29,736	30,706	(3.2)
Adjusted consolidated yield (in cents)	14.29	12.80	11.6
[b] <u>PRASM (In millions)</u>			
<i>Mainline</i>			
Passenger - United Airlines	\$ 3,545	\$ 3,264	8.6
Add: Mileage Plus - effect of accounting change	54	113	(52.2)
Less: Mileage Plus - effect of expiration period change	-	(23)	(100.0)
Mainline adjusted passenger revenue	<u>\$ 3,599</u>	<u>\$ 3,354</u>	7.3
Mainline available seat miles	34,528	34,535	-
Adjusted mainline PRASM (in cents)	10.42	9.71	7.3
<i>Regional Affiliates</i>			
Passenger - Regional Affiliates	\$ 715	\$ 675	5.9
Add: Mileage Plus - effect of accounting change	11	22	(50.0)
Less: Mileage Plus - effect of expiration period change	-	(5)	(100.0)
Regional affiliates passenger revenue	<u>\$ 726</u>	<u>\$ 692</u>	4.9
Regional affiliates available seat miles	3,881	3,929	(1.2)
Regional affiliates PRASM (in cents)	18.71	17.61	6.2
<i>Consolidated</i>			
Consolidated passenger revenues	\$ 4,260	\$ 3,939	8.1
Add: Mileage Plus - effect of accounting change	65	135	(51.9)
Less: Mileage Plus - effect of expiration period change	-	(28)	(100.0)
Adjusted consolidated passenger revenues	<u>\$ 4,325</u>	<u>\$ 4,046</u>	6.9
Consolidated available seat miles	38,409	38,464	(0.1)
Adjusted consolidated PRASM (in cents)	11.26	10.52	7.0
[c] <u>RASM (In millions)</u>			
<i>Mainline</i>			
Consolidated operating revenues	\$ 4,711	\$ 4,373	7.7
Less: Passenger - Regional Affiliates	(715)	(675)	5.9
Mainline operating revenues	<u>\$ 3,996</u>	<u>\$ 3,698</u>	8.1
Mainline available seat miles	34,528	34,535	-
Mainline RASM (in cents)	11.57	10.71	8.0
<i>Mainline operating revenues</i>			
Mainline operating revenues	\$ 3,996	\$ 3,698	8.1
Less: UAFC (i)	(3)	(25)	(88.0)
Adjusted mainline operating revenues	<u>\$ 3,993</u>	<u>\$ 3,673</u>	8.7
Adjusted mainline RASM (in cents)	11.56	10.64	8.6

CONSOLIDATED NOTES (UNAUDITED)

	Three Months Ended		
	March 31,		%
	2008	2007	Change
<i>Consolidated</i>			
Consolidated operating revenues	\$ 4,711	\$ 4,373	7.7
Less: UAFC (i)	(3)	(25)	(88.0)
Adjusted consolidated operating revenues	<u>\$ 4,708</u>	<u>\$ 4,348</u>	8.3
Consolidated available seat miles	38,409	38,464	(0.1)
Adjusted consolidated RASM (in cents)	12.26	11.30	8.5
[d] <u>Operating Margin (In millions)</u>			
Consolidated operating loss	\$ (441)	\$ (92)	379.3
Less: income from special items	-	(22)	(100.0)
Adjusted operating loss	<u>\$ (441)</u>	<u>\$ (114)</u>	286.8
Consolidated operating revenues	\$ 4,711	\$ 4,373	7.7
Operating loss (percent)	(9.4)	(2.1)	(7.3) pt.
Adjusted operating loss (percent)	(9.4)	(2.6)	(6.8) pt.
[e] <u>Pre-tax loss (In millions)</u>			
Loss before income taxes and equity in earnings of affiliates	\$ (542)	\$ (237)	128.7
Less: income from special items	-	(22)	(100.0)
Adjusted pre-tax loss	<u>\$ (542)</u>	<u>\$ (259)</u>	109.3
Pre-tax loss (percent)	(11.5)	(5.4)	(6.1) pt.
Adjusted pre-tax loss (percent)	(11.5)	(5.9)	(5.6) pt.
[f] <u>Net loss (In millions)</u>			
Net loss	\$ (537)	\$ (152)	253.3
Less: income from special items	-	(22)	(100.0)
Add: income tax expense (ii)	-	8	(100.0)
Adjusted net loss	<u>\$ (537)</u>	<u>\$ (166)</u>	223.5
[g] <u>CASM (In millions)</u>			
<i>Mainline</i>			
Consolidated operating expenses	\$ 5,152	\$ 4,465	15.4
Less: Regional affiliates	(779)	(692)	12.6
Mainline operating expenses	<u>\$ 4,373</u>	<u>\$ 3,773</u>	15.9
Mainline available seat miles	34,528	34,535	-
Mainline CASM (in cents)	12.67	10.93	15.9
Mainline operating expenses	\$ 4,373	\$ 3,773	15.9
Less: mainline fuel expense	(1,575)	(1,041)	51.3
Less: cost of third party sales - UAFC (i)	-	(23)	(100.0)
Add: income from special items	-	22	(100.0)
Adjusted mainline operating expense	<u>\$ 2,798</u>	<u>\$ 2,731</u>	2.5
Adjusted mainline CASM (in cents)	8.10	7.91	2.4
<i>Consolidated</i>			
Consolidated operating expenses	\$ 5,152	\$ 4,465	15.4
Less: fuel expense & UAFC (i)	(1,853)	(1,258)	47.3
Add: income from special items	-	22	(100.0)
Adjusted consolidated operating expenses	<u>\$ 3,299</u>	<u>\$ 3,229</u>	2.2
Consolidated available seat miles	38,409	38,464	(0.1)
Adjusted consolidated CASM (in cents)	8.59	8.39	2.4

CONSOLIDATED NOTES (UNAUDITED)

	Three Months Ended March 31,		%
	2008	2007	Change
[h] <u>Operating expenses (In millions)</u>			
Consolidated operating expenses	\$ 5,152	\$ 4,465	15.4
Add: income from special items	-	22	(100.0)
Adjusted operating expenses	<u>\$ 5,152</u>	<u>\$ 4,487</u>	14.8
[i] <u>Operating cash flow (In millions)</u>			
Operating cash flow	\$ (80)	\$ 626	-
Less: capital expenditures	(101)	(68)	48.5
Free cash flow	<u>\$ (181)</u>	<u>\$ 558</u>	-

(i) UAFC's revenues and expenses are not derived from mainline jet operations. Therefore, UAL has excluded these revenues and expenses from the above reported GAAP financial measures. See Note 4, above, for more details.

(ii) The income tax adjustment for special items is the difference in the income tax provision on actual net loss and the income tax provision on adjusted net loss, both computed using an effective tax rate of 35%.

NM - Not meaningful.

- (8) The table below sets forth the estimated exit-related and fresh-start reporting impacts on the Company's results of operations.

(In millions)	<u>2008 Increase (Decrease)</u>	
	1Q	
	Estimate	
<u>Revenue impact:</u>		
Mileage Plus revenue	\$ (65)	[a]
<u>Operating expense impact:</u>		
Share-based compensation	11	[b]
Mileage Plus marketing expense	5	[a]
Postretirement welfare cost	14	[c]
Depreciation and amortization	10	[d]
Deferred gain	18	[e]
Total operating expense impact	<u>58</u>	
<u>Non-operating expense impact:</u>		
Non-cash and fresh-start interest expense	\$ 4	[f]

- [a] In connection with its emergence from Chapter 11 protection effective February 1, 2006, the Company adopted fresh-start reporting. Accordingly, the Company elected to change its accounting policy from an incremental cost basis to a deferred revenue model to measure the obligation for the Mileage Plus Frequent Flyer program. Adjustments to the obligation are recorded to operating revenues. Historically, adjustments were based upon incremental costs and were recorded in both operating revenues and advertising expense.

The deferred revenue model is more volatile than the incremental cost basis. Because all miles are now accounted for under the deferred revenue model, the amount of revenue recognized is more sensitive to the number of miles earned and redeemed during the period than the incremental cost basis.

- [b] In accordance with the plan of reorganization, the Company implemented stock-based compensation plans for certain management employees and non-employee directors. The Company adopted SFAS 123R effective January 1, 2006 and recorded compensation expense for such plans.
- [c] In accordance with fresh-start reporting, the Company revalued its liabilities effective February 1, 2006 to fair value. As a result, all prior period service credits related to postretirement costs were eliminated.
- [d] In accordance with fresh-start reporting, the Company revalued its assets to fair value effective February 1, 2006. As a result, definite lived intangible asset values increased substantially which results in higher associated amortization expense. In addition, the value of the Company's operating property and equipment was significantly reduced which results in lower depreciation expense. The Company has estimated the net impact of changes in asset values at fresh-start on net depreciation and amortization.
- [e] In accordance with fresh-start reporting, the Company revalued its liabilities effective February 1, 2006 to fair value. As a result, all deferred gains on aircraft sale/leasebacks were eliminated.
- [f] As a result of fresh-start reporting, the Company recognizes certain non-cash interest expenses, including the amortization of mark-to-market discounts on all debt and capital leases.

CONSOLIDATED NOTES (UNAUDITED)

- (9) The following table presents additional detail on the Mileage Plus impacts summarized in the table above. These items consist of the additional amount of revenue that the Company estimates would have been recognized had we continued to apply the incremental cost method of accounting after exiting bankruptcy and, for 2007, the estimated impact of the change in the expiration period for inactive accounts from 36 months to 18 months. The Company utilizes this adjustment for comparison of its performance to its peers, as certain of our peers currently still apply the incremental cost method of accounting.

(In millions)	Increase (Decrease)					
	2008	2007				
	1Q	YTD	4Q	3Q	2Q	1Q
<u>Mainline</u>						
Effect of accounting change	(54)	(230)	(50)	(30)	(37)	(113)
Effect of expiration period change	-	204	100	42	39	23
Total Mainline	(54)	(26)	50	12	2	(90)
<u>Regional Affiliates</u>						
Effect of accounting change	(11)	(47)	(11)	(5)	(9)	(22)
Effect of expiration period change	-	42	21	8	8	5
Total Regional Affiliates	(11)	(5)	10	3	(1)	(17)
<u>Consolidated</u>						
Effect of accounting change	(65)	(277)	(61)	(35)	(46)	(135)
Effect of expiration period change	-	246	121	50	47	28
Total Consolidated	(65)	(31)	60	15	1	(107)

CONSOLIDATED NOTES (UNAUDITED)

(10) Pursuant to SEC Regulation G, the Company has included the following reconciliation of reported non-GAAP financial measures to comparable financial measures reported on a GAAP basis. Further, the Company 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. The Company also believes that adjusting for special items is useful to investors because they are non-recurring income and/or charges that are not indicative of the Company's on-going performance.

The forecasted fuel amounts shown below were estimated based on a forecasted jet fuel price of \$3.31 per gallon for both the second quarter and the full year of 2008.

<u>Operating expense per ASM - CASM (cents)</u>	Three Months Ending June 30,			YOY % Change		Twelve Months Ending December 31,			YOY % Change	
	2008 Estimate		2007			2008 Estimate	2007			
	Low	High	Actual	Low	High	Actual				
Mainline operating expense	13.25	13.29	10.99	20.6	20.9	13.34	13.42	11.39	17.1	17.8
Less: fuel expense & cost of third party sales - UAFC	(5.42)	(5.42)	(3.39)	59.9	59.9	(5.35)	(5.35)	(3.55)	50.7	50.7
Mainline excluding fuel & UAFC	<u>7.83</u>	<u>7.87</u>	<u>7.60</u>	3.0	3.5	<u>7.99</u>	<u>8.07</u>	<u>7.84</u>	1.9	2.9
Add: income from special items	-	-	-	-	-	-	-	0.03	(100.0)	(100.0)
Mainline excluding fuel, UAFC and special items	<u>7.83</u>	<u>7.87</u>	<u>7.60</u>	3.0	3.5	<u>7.99</u>	<u>8.07</u>	<u>7.87</u>	1.5	2.5

UAL CORPORATION AND SUBSIDIARY COMPANIES

Successor Company Operating Statistics

(Mainline and Regional Affiliates (a))

	Three Months Ended March 31,		%
	2008	2007	
Mainline revenue passengers (In thousands)	15,250	16,350	(6.7)
Revenue passenger miles - RPM (In millions)			
Mainline	26,927	27,729	(2.9)
Regional affiliates	2,809	2,977	(5.6)
Consolidated	29,736	30,706	(3.2)
Available seat miles - ASM (In millions)			
Mainline	34,528	34,535	-
Regional affiliates	3,881	3,929	(1.2)
Consolidated	38,409	38,464	(0.1)
Passenger load factor (percent)			
Mainline	78.0	80.3	(2.3) pt.
Regional affiliates	72.4	75.8	(3.4) pt.
Consolidated	77.4	79.8	(2.4) pt.
Consolidated operating breakeven passenger load factor (percent)	85.5	81.7	3.8 pt.
Passenger revenue per passenger mile - Yield (cents) [See Note 7a]			
Mainline adjusted	13.13	11.74	11.8
Regional affiliates	25.45	22.67	12.3
Consolidated adjusted	14.29	12.80	11.6
Passenger revenue per available seat mile - PRASM (cents) [See Note 7b]			
Mainline	10.27	9.45	8.7
Mainline adjusted for Mileage Plus	10.42	9.71	7.3
Regional affiliates	18.42	17.18	7.2
Regional affiliates adjusted for Mileage Plus	18.71	17.61	6.2
Consolidated	11.09	10.24	8.3
Consolidated adjusted for Mileage Plus	11.26	10.52	7.0
Operating revenue per available seat mile - RASM (cents) [See Note 7c]			
Mainline	11.57	10.71	8.0
Mainline excluding UAFC	11.56	10.64	8.6
Regional affiliates	18.42	17.18	7.2
Consolidated	12.27	11.37	7.9
Consolidated excluding UAFC	12.26	11.30	8.5
Operating expense per available seat mile - CASM (cents) [See Note 7g]			
Mainline	12.67	10.93	15.9
Mainline excluding fuel, UAFC and special items	8.10	7.91	2.4
Regional affiliates	20.07	17.61	14.0
Consolidated	13.41	11.61	15.5
Consolidated excluding fuel, UAFC and special items	8.59	8.39	2.4
Mainline unit loss (cents) (b)	(1.10)	(0.22)	400.0
Mainline unit earnings excluding fuel, UAFC and special items (cents) (b)	3.46	2.73	26.7
Number of aircraft in operating fleet at end of period			
Mainline	460	460	-
Regional affiliates	275	289	(4.8)
Consolidated	735	749	(1.9)
<i>Other Mainline Statistics</i>			
Mainline average price per gallon of jet fuel (cents)	283.3	188.9	50.0
Average full-time equivalent employees (thousands)	52.5	51.5	1.9
Mainline ASMs per equivalent employee - productivity (thousands)	658	671	(1.9)
Average stage length (in miles)	1,414	1,359	4.0
Fleet utilization (in hours and minutes)	10:43	10:59	(2.4)

(a) Mainline includes United Air Lines, Inc. scheduled and chartered jet operations. Regional affiliates include operations from regional carriers with whom the Company has entered into capacity purchase agreements to provide jet and turboprop operations branded as United Express.

(b) Unit earnings are calculated as RASM minus CASM.