

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)

(In millions, except per share amounts)

(In accordance with GAAP)	Three Months Ended June 30,		%
	2008	2007	Increase/ (Decrease)
Operating revenues:			
Passenger - United Airlines	\$ 4,099	\$ 3,968	3.3
Passenger - Regional Affiliates	797	804	(0.9)
Cargo	237	181	30.9
Other operating revenues	238	260	(8.5)
	5,371	5,213	3.0
Operating expenses:			
Aircraft fuel	1,848	1,206	53.2
Salaries and related costs (Note 5)	1,179	1,019	15.7
Regional affiliates (a)	847	733	15.6
Purchased services (Note 5)	371	335	10.7
Aircraft maintenance materials and outside repairs	295	284	3.9
Depreciation and amortization	216	229	(5.7)
Landing fees and other rent	199	215	(7.4)
Distribution expenses	193	197	(2.0)
Aircraft rent	100	105	(4.8)
Cost of third party sales	65	77	(15.6)
Goodwill impairment (Note 5)	2,277	-	-
Other impairments and special items (Note 5)	223	-	-
Other operating expenses (Note 5)	252	276	(8.7)
	8,065	4,676	72.5
Earnings (loss) from operations	(2,694)	537	-
Other income (expense):			
Interest expense	(126)	(139)	(9.4)
Interest income	28	62	(54.8)
Interest capitalized	5	4	25.0
Miscellaneous, net	28	1	NM
	(65)	(72)	(9.7)
Earnings (loss) before income taxes and equity in earnings of affiliates	(2,759)	465	-
Income tax expense (benefit) (Note 5)	(29)	192	-
	(2,730)	273	-
Earnings (loss) before equity in earnings of affiliates	(2,730)	273	-
Equity in earnings of affiliates, net of tax	1	1	-
Net income (loss)	\$ (2,729)	\$ 274	-
Earnings (loss) per share, basic	\$ (21.47)	\$ 2.31	
Earnings (loss) per share, diluted	\$ (21.47)	\$ 1.83	
Weighted average shares, basic	127.1	117.4	
Weighted average shares, diluted	127.1	153.4	

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
STATEMENTS OF CONSOLIDATED OPERATIONS (UNAUDITED)

(In millions, except per share amounts)

(In accordance with GAAP)	Six Months Ended June 30,		%
	2008	2007	Increase/ (Decrease)
Operating revenues:			
Passenger - United Airlines	\$ 7,644	\$ 7,232	5.7
Passenger - Regional Affiliates	1,512	1,479	2.2
Cargo	455	349	30.4
Other operating revenues	471	526	(10.5)
	10,082	9,586	5.2
Operating expenses:			
Aircraft fuel	3,423	2,247	52.3
Salaries and related costs (Note 5)	2,225	2,087	6.6
Regional affiliates (a)	1,626	1,425	14.1
Purchased services (Note 5)	720	636	13.2
Aircraft maintenance materials and outside repairs	612	565	8.3
Depreciation and amortization	436	449	(2.9)
Landing fees and other rent	429	453	(5.3)
Distribution expenses	377	385	(2.1)
Aircraft rent	199	205	(2.9)
Cost of third party sales	129	170	(24.1)
Goodwill impairment (Note 5)	2,277	-	-
Other impairments and special items (Note 5)	223	(22)	-
Other operating expenses (Note 5)	541	541	-
	13,217	9,141	44.6
Earnings (loss) from operations	(3,135)	445	-
Other income (expense):			
Interest expense	(261)	(345)	(24.3)
Interest income	76	120	(36.7)
Interest capitalized	10	9	11.1
Miscellaneous, net	9	(1)	-
	(166)	(217)	(23.5)
Earnings (loss) before income taxes and equity in earnings of affiliates	(3,301)	228	-
Income tax expense (benefit) (Note 5)	(32)	108	-
Earnings (loss) before equity in earnings of affiliates	(3,269)	120	-
Equity in earnings of affiliates, net of tax	3	2	50.0
Net income (loss)	\$ (3,266)	\$ 122	-
Earnings (loss) per share, basic	\$ (26.33)	\$ 1.00	
Earnings (loss) per share, diluted	\$ (26.33)	\$ 0.88	
Weighted average shares, basic	124.1	117.2	
Weighted average shares, diluted	124.1	153.1	

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 June 30,		%	Six Months Ended June 30,		%
	2008	2007	Increase/ (Decrease)	2008	2007	Increase/ (Decrease)
Cash flows provided (used) by operating activities	\$ 217	\$ 1,034	(79.0)	\$ 137	\$ 1,660	(91.7)
Cash flows provided (used) by investing activities:						
Net (purchases) sales of short-term investments	486	(2,389)	-	2,295	(2,270)	-
Additions to property and equipment	(131)	(78)	67.9	(232)	(146)	58.9
(Increase) decrease in restricted cash (a)	73	(15)	-	101	(24)	-
Proceeds from litigation on advance deposits	41	-	-	41	-	-
Proceeds from the sale of property and equipment	14	5	180.0	14	11	27.3
Other, net	(11)	(12)	(8.3)	(22)	(26)	(15.4)
	<u>472</u>	<u>(2,489)</u>	-	<u>2,197</u>	<u>(2,455)</u>	-
Cash flows provided (used) by financing activities:						
Repayment of Credit Facility	-	-	-	(9)	(986)	(99.1)
Repayment of other debt	(169)	(705)	(76.0)	(351)	(1,023)	(65.7)
Special distribution	-	-	-	(251)	-	-
Principal payments under capital leases	(188)	(35)	437	(200)	(48)	316.7
Decrease in capital lease deposits	154	-	-	154	-	-
Increase in deferred financing costs	(109)	(9)	NM	(111)	(20)	455.0
Proceeds from issuance of secured notes	84	694	(87.9)	84	694	(87.9)
Other, net	-	1	(100.0)	(10)	13	-
	<u>(228)</u>	<u>(54)</u>	322.2	<u>(694)</u>	<u>(1,370)</u>	(49.3)
Increase (decrease) in cash and cash equivalents during the period	461	(1,509)	-	1,640	(2,165)	-
Cash and cash equivalents at beginning of the period	2,438	3,176	(23.2)	1,259	3,832	(67.1)
Cash and cash equivalents at end of the period	<u>\$ 2,899</u>	<u>\$ 1,667</u>	73.9	<u>\$ 2,899</u>	<u>\$ 1,667</u>	73.9

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

	As of June 30,		%
	2008	2007	Increase/ (Decrease)
Cash and cash equivalents	\$ 2,899	\$ 1,667	73.9
Short-term investments	-	2,582	(100.0)
Restricted cash (a)	655	871	(24.8)
Total cash and cash equivalents, short-term investments and restricted cash (b)	<u>\$ 3,554</u>	<u>\$ 5,120</u>	(30.6)

(a) The Company's restricted cash primarily relates to reserves with institutions that process its credit card ticket sales, which fluctuate quarterly due to seasonality and the level of advance ticket sales, security deposits for airport leases and security for workers' compensation obligations, which decreased significantly in the second quarter of 2008 due to the posting of letters of credit.

(b) See Note 5[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 \$103 million and \$107 million for the three months ended June 30, 2008 and 2007, respectively, and \$207 million and \$214 million for the six months ended June 30, 2008 and 2007, respectively, which are included in regional affiliate expense in our Statements of Consolidated Operations.
- (3) 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			Six Months Ended		
	June 30,		%	June 30,		%
	2008	2007		2008	2007	
Mainline fuel expense	\$ 1,848	\$ 1,206	53	\$ 3,423	\$ 2,247	52.3
Regional affiliates fuel expense	355	224	58.5	633	418	51.4
United system fuel expense	<u>\$ 2,203</u>	<u>\$ 1,430</u>	54.1	<u>\$ 4,056</u>	<u>\$ 2,665</u>	52.2
Mainline fuel consumption (gallons)	571	579	(1.4)	1,127	1,130	(0.3)
Mainline average jet fuel price per gallon (in cents)	323.6	208.3	55.4	303.7	198.8	52.8
Regional affiliates fuel consumption (gallons)	94	96	(2.1)	186	188	(1.1)
Regional affiliates average jet fuel price per gallon (in cents)	377.7	233.3	61.9	340.3	222.3	53.1

- (4) The tables below set forth certain operating statistics by geographic region and the Company's mainline, regional affiliates and consolidated

(% change from prior year)

Three Months Ended June 30, 2008	North America	Pacific	Atlantic	Latin	Mainline	Regional Affiliates	Consolidated
Passenger revenues	0.9	1.7	13.0	11.2	3.3	(0.9)	2.6
ASM	(4.8)	(0.7)	12.1	(4.1)	(1.3)	(1.1)	(1.3)
RPM	(7.1)	(5.6)	7.6	(3.4)	(4.5)	(7.0)	(4.8)
PRASM	5.9	2.4	0.8	16.0	4.7	0.3	3.9
Yield [a]	8.6	7.8	4.2	13.5	8.2	6.6	7.7
Load factor (points)	(2.2)	(4.1)	(3.4)	0.6	(2.7)	(4.7)	(3.0)

Six Months Ended June 30, 2008	North America	Pacific	Atlantic	Latin	Mainline	Regional Affiliates	Consolidated
Passenger revenues	2.3	6.5	16.3	13.6	5.7	2.2	5.1
ASM	(5.5)	2.4	15.0	(0.1)	(0.7)	(1.2)	(0.7)
RPM	(7.6)	(2.7)	11.0	(1.2)	(3.7)	(6.4)	(4.0)
PRASM	8.3	4.0	1.1	13.7	6.4	3.5	6.0
Yield [a]	10.7	9.4	4.4	15.3	9.8	9.1	9.5
Load factor (points)	(1.8)	(4.1)	(2.9)	(0.9)	(2.6)	(4.1)	(2.7)

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

CONSOLIDATED NOTES (UNAUDITED)

- (5) The Company incurred significant charges related to tangible and intangible asset impairments, severance and other charges that significantly impacted its results in the three and six months ended June 30, 2008. Collectively, these charges are identified as "impairments and other charges" in the Regulation G reconciliations below. These items consist of the following:

	Three Months Ended June 30, 2008		Six Months Ended June 30, 2008	
				<u>Income Statement Classification</u>
Goodwill impairment	\$ 2,277		\$ 2,277	Goodwill impairment
Intangible asset impairments	80		80	
Aircraft and deposit impairments	143		143	
Other impairments	223		223	Other impairments and special items
Severance	82		82	Salaries and related costs
Employee benefit charges	28 (a)		34 (a)	Salaries and related costs
Litigation-related settlement gain	(29)		(29)	Other operating expenses
Purchased services charges	26 (b)		26 (b)	Purchased services
Pre-tax impairments and other charges	2,607		2,613	
Tax benefit on intangible asset impairments	(29)		(29)	Income tax benefit
Impairments and other charges, net of tax	<u>\$ 2,578</u>		<u>\$ 2,584</u>	

(a) Amount relates to additional charges to adjust certain employee benefit obligations.

(b) Amount relates to expense for certain projects and transactions that have been terminated or indefinitely postponed by the Company.

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.

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 June 30,		%	Six Months Ended June 30,		%
	2008	2007	Change	2008	2007	Change
[a] Yield (In millions)						
<i>Mainline</i>						
Passenger - United Airlines	\$ 4,099	\$ 3,968	3.3	\$ 7,644	\$ 7,232	5.7
Less: industry reduced fares and passenger charges	(12)	(11)	9.1	(22)	(21)	4.8
Mainline adjusted passenger revenue	<u>\$ 4,087</u>	<u>\$ 3,957</u>	3.3	<u>\$ 7,622</u>	<u>\$ 7,211</u>	5.7
Mainline revenue passenger miles	29,443	30,833	(4.5)	56,370	58,562	(3.7)
Adjusted mainline yield (in cents)	13.88	12.83	8.2	13.52	12.31	9.8
<i>Consolidated</i>						
Consolidated passenger revenue	\$ 4,896	\$ 4,772	2.6	\$ 9,156	\$ 8,711	5.1
Less: industry reduced fares and passenger charges	(12)	(11)	9.1	(22)	(21)	4.8
Consolidated adjusted passenger revenue	<u>\$ 4,884</u>	<u>\$ 4,761</u>	2.6	<u>\$ 9,134</u>	<u>\$ 8,690</u>	5.1
Consolidated revenue passenger miles	32,581	34,207	(4.8)	62,317	64,913	(4.0)
Adjusted consolidated yield (in cents)	14.99	13.92	7.7	14.66	13.39	9.5
[b] PRASM (In millions)						
<i>Mainline</i>						
Passenger - United Airlines	\$ 4,099	\$ 3,968	3.3	\$ 7,644	\$ 7,232	5.7
Add: Mileage Plus - effect of accounting change	35	37	(5.4)	89	150	(40.7)
Less: Mileage Plus - effect of expiration period change	-	(39)	(100.0)	-	(62)	(100.0)
Mainline adjusted passenger revenue	<u>\$ 4,134</u>	<u>\$ 3,966</u>	4.2	<u>\$ 7,733</u>	<u>\$ 7,320</u>	5.6
Mainline available seat miles	35,394	35,875	(1.3)	69,922	70,410	(0.7)
Adjusted mainline PRASM (in cents)	11.68	11.06	5.6	11.06	10.40	6.3
<i>Regional Affiliates</i>						
Passenger - Regional Affiliates	\$ 797	\$ 804	(0.9)	\$ 1,512	\$ 1,479	2.2
Add: Mileage Plus - effect of accounting change	7	9	(22.2)	18	31	(41.9)
Less: Mileage Plus - effect of expiration period change	-	(8)	(100.0)	-	(13)	(100.0)
Regional affiliates passenger revenue	<u>\$ 804</u>	<u>\$ 805</u>	(0.1)	<u>\$ 1,530</u>	<u>\$ 1,497</u>	2.2
Regional affiliates available seat miles	4,126	4,174	(1.1)	8,007	8,103	(1.2)
Regional affiliates PRASM (in cents)	19.49	19.29	1.0	19.11	18.47	3.5
<i>Consolidated</i>						
Consolidated passenger revenues	\$ 4,896	\$ 4,772	2.6	\$ 9,156	\$ 8,711	5.1
Add: Mileage Plus - effect of accounting change	42	46	(8.7)	107	181	(40.9)
Less: Mileage Plus - effect of expiration period change	-	(47)	(100.0)	-	(75)	(100.0)
Adjusted consolidated passenger revenues	<u>\$ 4,938</u>	<u>\$ 4,771</u>	3.5	<u>\$ 9,263</u>	<u>\$ 8,817</u>	5.1
Consolidated available seat miles	39,520	40,049	(1.3)	77,929	78,513	(0.7)
Adjusted consolidated PRASM (in cents)	12.49	11.91	4.9	11.89	11.23	5.9

CONSOLIDATED NOTES (UNAUDITED)

	Three Months Ended			Six Months Ended		
	2008	2007	% Change	2008	2007	% Change
[c] <u>RASM (In millions)</u>						
<i>Mainline</i>						
Consolidated operating revenues	\$ 5,371	\$ 5,213	3.0	\$ 10,082	\$ 9,586	5.2
Less: Passenger - Regional Affiliates	(797)	(804)	(0.9)	(1,512)	(1,479)	2.2
Mainline operating revenues	\$ 4,574	\$ 4,409	3.7	\$ 8,570	\$ 8,107	5.7
Mainline available seat miles	35,394	35,875	(1.3)	69,922	70,410	(0.7)
Mainline RASM (in cents)	12.92	12.29	5.1	12.26	11.51	6.5
<i>Consolidated</i>						
Consolidated operating revenues	\$ 5,371	5,213	3.0	\$ 10,082	\$ 9,586	5.2
Add: Mileage Plus - effect of accounting change	42	46	(8.7)	107	181	(40.9)
Less: Mileage Plus - effect of expiration period change	-	(47)	(100.0)	-	(75)	(100.0)
Adjusted consolidated operating revenues	\$ 5,413	\$ 5,212	3.9	\$ 10,189	\$ 9,692	5.1
Consolidated available seat miles	39,520	40,049	(1.3)	77,929	78,513	(0.7)
Adjusted consolidated RASM (in cents)	13.70	13.01	5.3	13.07	12.34	5.9
[d] <u>Operating Margin (In millions)</u>						
Consolidated operating earnings (loss)	\$ (2,694)	\$ 537	-	\$ (3,135)	\$ 445	-
Add (less): impairments and other charges	2,607	-	-	2,613	(22)	-
Adjusted operating earnings (loss)	\$ (87)	\$ 537	-	\$ (522)	\$ 423	-
Consolidated operating revenues	\$ 5,371	\$ 5,213	3.0	\$ 10,082	\$ 9,586	5.2
Operating margin (loss) (percent)	(50.2)	10.3	(60.5) pt.	(31.1)	4.6	(35.7) pt.
Adjusted operating margin (loss) (percent)	(1.6)	10.3	(11.9) pt.	(5.2)	4.4	(9.6) pt.
[e] <u>Pre-tax income (loss) (In millions)</u>						
Earnings (loss) before income taxes and equity in earnings of affiliates	\$ (2,759)	\$ 465	-	\$ (3,301)	\$ 228	-
Add (less): impairments and other charges	2,607	-	-	2,613	(22)	-
Adjusted pre-tax earnings (loss)	\$ (152)	\$ 465	-	\$ (688)	\$ 206	-
Pre-tax earnings (loss) (percent)	(51.4)	8.9	(60.3) pt.	(32.7)	2.4	(35.1) pt.
Adjusted pre-tax earnings (loss) (percent)	(2.8)	8.9	(11.7) pt.	(6.8)	2.1	(8.9) pt.
[f] <u>Net income (loss) (In millions)</u>						
Net income (loss)	\$ (2,729)	\$ 274	-	\$ (3,266)	\$ 122	-
Add (less): impairments and other charges	2,607	-	-	2,613	(22)	-
Add (less): income tax expense (i)	(29)	-	-	(29)	10	-
Adjusted net income (loss)	\$ (151)	\$ 274	-	\$ (682)	\$ 110	-
[g] <u>CASM (In millions)</u>						
<i>Mainline</i>						
Consolidated operating expenses	\$ 8,065	\$ 4,676	72.5	\$ 13,217	\$ 9,141	44.6
Less: Regional affiliates	(847)	(733)	15.6	(1,626)	(1,425)	14.1
Mainline operating expenses	\$ 7,218	\$ 3,943	83.1	\$ 11,591	\$ 7,716	50.2
Mainline available seat miles	35,394	35,875	(1.3)	69,922	70,410	(0.7)
Mainline CASM (in cents)	20.39	10.99	85.5	16.58	10.96	51.3
Mainline operating expenses	\$ 7,218	\$ 3,943	83.1	\$ 11,591	\$ 7,716	50.2
Add (less): impairments and other special	(2,607)	-	-	(2,613)	22	-
Adjusted mainline operating expense	\$ 4,611	\$ 3,943	16.9	\$ 8,978	\$ 7,738	16.0
Adjusted mainline CASM (in cents)	13.03	10.99	18.6	12.84	10.99	16.8
Adjusted mainline operating expense	\$ 4,611	\$ 3,943	16.9	\$ 8,978	\$ 7,738	16.0
Less: mainline fuel expense	(1,848)	(1,206)	53.2	(3,423)	(2,247)	52.3
Less: cost of third party sales - UAFC (ii)	(3)	(11)	(72.7)	(3)	(34)	(91.2)
Adjusted mainline operating expense	\$ 2,760	\$ 2,726	1.2	\$ 5,552	\$ 5,457	1.7
Adjusted mainline CASM (in cents)	7.80	7.60	2.6	7.94	7.75	2.5

CONSOLIDATED NOTES (UNAUDITED)

	Three Months Ended			Six Months Ended		
	June 30, 2008	June 30, 2007	% Change	June 30, 2008	June 30, 2007	% Change
<i>Consolidated</i>						
Consolidated operating expenses	\$ 8,065	\$ 4,676	72.5	\$ 13,217	\$ 9,141	44.6
Add (less): impairments and other charges	(2,607)	-	-	(2,613)	22	-
Adjusted consolidated operating expenses	<u>\$ 5,458</u>	<u>\$ 4,676</u>	16.7	<u>\$ 10,604</u>	<u>\$ 9,163</u>	15.7
Consolidated available seat miles	39,520	40,049	(1.3)	77,929	78,513	(0.7)
Adjusted consolidated CASM (in cents)	13.81	11.68	18.2	13.61	11.67	16.6
Consolidated operating expenses	\$ 5,458	\$ 4,676	16.7	\$ 10,604	\$ 9,163	15.7
Less: fuel expense and UAFC (ii)	(2,206)	(1,441)	53.1	(4,059)	(2,699)	50.4
Adjusted consolidated operating expenses	<u>\$ 3,252</u>	<u>\$ 3,235</u>	0.5	<u>\$ 6,545</u>	<u>\$ 6,464</u>	1.3
Adjusted consolidated CASM (in cents)	8.23	8.08	1.9	8.40	8.23	2.1
[h] Operating expenses (In millions)						
Consolidated operating expenses	\$ 8,065	\$ 4,676	72.5	\$ 13,217	\$ 9,141	44.6
Add (less): impairments and other charges	(2,607)	-	-	(2,613)	22	-
Adjusted operating expenses	<u>\$ 5,458</u>	<u>\$ 4,676</u>	16.7	<u>\$ 10,604</u>	<u>\$ 9,163</u>	15.7
[i] Operating cash flow (In millions)						
Operating cash flow	\$ 217	\$ 1,034	(79.0)	\$ 137	\$ 1,660	(91.7)
Less: capital expenditures	(131)	(78)	67.9	(232)	(146)	58.9
Add: proceeds from litigation on advance deposits	41	-	-	41	-	-
Free cash flow	<u>\$ 127</u>	<u>\$ 956</u>	(86.7)	<u>\$ (54)</u>	<u>\$ 1,514</u>	-
[j] Loss per share (basic and diluted)						
Loss per share - GAAP	\$ (21.47)			\$ (26.33)		
Add: impairments and other charges	20.28			20.82		
Loss per share - excluding impairment and other charges	<u>\$ (1.19)</u>			<u>\$ (5.51)</u>		

(i) For the six months ended June 30, 2007, the income tax adjustment for special items is the difference in the income tax provision on actual net income (loss) and the income tax provision on adjusted net income (loss), computed using an effective tax rate of 47%. The Company did not record a tax benefit on the impairments and special items in the 2008 period, except for \$29 million of tax benefits related to the intangible asset impairments, which was calculated using a 36% tax rate.

(ii) Included in UAL's operating expenses are the expenses of United's wholly-owned subsidiary United Aviation Fuels Corporation ("UAFC"). UAFC's expenses are not derived from mainline jet operations; therefore, UAL has excluded these expenses from the above reported GAAP financial measures.

NM - Not meaningful.

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

(In millions)	2008 Increase (Decrease)			
	YTD Estimate	2Q Estimate	1Q Estimate	
Revenue impact:				
Mileage Plus revenue	\$ (107)	\$ (42)	\$ (65)	[a]
Operating expense impact:				
Share-based compensation	18	7	11	[b]
Mileage Plus marketing expense	7	2	5	[a]
Postretirement welfare cost	28	14	14	[c]
Depreciation and amortization	20	10	10	[d]
Deferred gain	36	18	18	[e]
Total operating expense impact	109	51	58	
Non-operating expense impact:				
Non-cash and fresh-start interest expense	\$ 8	\$ 4	\$ 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.

CONSOLIDATED NOTES (UNAUDITED)

- [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.
- (7) 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				
	YTD	2Q	1Q	YTD	4Q	3Q	2Q	1Q
<u>Mainline</u>								
Effect of accounting change	(89)	(35)	(54)	(230)	(50)	(30)	(37)	(113)
Effect of expiration period change	-	-	-	204	100	42	39	23
Total Mainline	(89)	(35)	(54)	(26)	50	12	2	(90)
<u>Regional Affiliates</u>								
Effect of accounting change	(18)	(7)	(11)	(47)	(11)	(5)	(9)	(22)
Effect of expiration period change	-	-	-	42	21	8	8	5
Total Regional Affiliates	(18)	(7)	(11)	(5)	10	3	(1)	(17)
<u>Consolidated</u>								
Effect of accounting change	(107)	(42)	(65)	(277)	(61)	(35)	(46)	(135)
Effect of expiration period change	-	-	-	246	121	50	47	28
Total Consolidated	(107)	(42)	(65)	(31)	60	15	1	(107)

CONSOLIDATED NOTES (UNAUDITED)

- (8) 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 impairments and other charges 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 forecasted jet fuel prices of \$4.08 per gallon and \$3.54 per gallon for the third quarter and the full year of 2008, respectively.

	Three Months Ending September 30,			YOY		Twelve Months Ending December 31,			YOY	
	2008 Estimate Low	2008 Estimate High	2007 Actual	% Change		2008 Estimate Low	2008 Estimate High	2007 Actual	% Change	
<u>Operating expense per ASM - CASM (cents)</u>										
Mainline operating expense	14.41	14.48	11.28	27.7	28.4	15.63	15.71	11.39	37.2	37.9
Less: fuel expense & cost of third party sales - UAFC	(6.58)	(6.58)	(3.63)	81.3	81.3	(5.71)	(5.71)	(3.55)	60.8	60.8
Mainline excluding fuel & UAFC	<u>7.83</u>	<u>7.90</u>	<u>7.65</u>	2.4	3.3	<u>9.92</u>	<u>10.00</u>	<u>7.84</u>	26.5	27.6
Add (less): impairments and other charges and special items	-	-	0.06	(100.0)	(100.0)	(1.93)	(1.93)	0.03	-	-
Mainline excluding fuel, UAFC, impairments and other charges and special items	<u>7.83</u>	<u>7.90</u>	<u>7.71</u>	1.5	2.5	<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 June 30,		% Change
	2008	2007	
Mainline revenue passengers (In thousands)	16,994	18,190	(6.6)
Revenue passenger miles - RPM (In millions)			
Mainline	29,443	30,833	(4.5)
Regional affiliates	3,138	3,374	(7.0)
Consolidated	32,581	34,207	(4.8)
Available seat miles - ASM (In millions)			
Mainline	35,394	35,875	(1.3)
Regional affiliates	4,126	4,174	(1.1)
Consolidated	39,520	40,049	(1.3)
Passenger load factor (percent)			
Mainline	83.2	85.9	(2.7) pt.
Regional affiliates	76.1	80.8	(4.7) pt.
Consolidated	82.4	85.4	(3.0) pt.
Consolidated operating breakeven passenger load factor (percent)	NM	75.8	NM
Passenger revenue per passenger mile - Yield (cents) [See Note 5a]			
Mainline adjusted	13.88	12.83	8.2
Regional affiliates	25.40	23.83	6.6
Consolidated adjusted	14.99	13.92	7.7
Passenger revenue per available seat mile - PRASM (cents) [See Note 5b]			
Mainline	11.58	11.06	4.7
Mainline adjusted for Mileage Plus	11.68	11.06	5.6
Regional affiliates	19.32	19.26	0.3
Regional affiliates adjusted for Mileage Plus	19.49	19.29	1.0
Consolidated	12.39	11.92	3.9
Consolidated adjusted for Mileage Plus	12.49	11.91	4.9
Operating revenue per available seat mile - RASM (cents) [See Note 5c]			
Mainline	12.92	12.29	5.1
Regional affiliates	19.32	19.26	0.3
Consolidated	13.59	13.02	4.4
Operating expense per available seat mile - CASM (cents) [See Note 5g]			
Mainline	20.39	10.99	85.5
Mainline excluding impairments and other charges	13.03	10.99	18.6
Mainline excluding impairments and other charges, fuel and UAFC	7.80	7.60	2.6
Regional affiliates	20.53	17.56	16.9
Consolidated	20.41	11.68	74.7
Consolidated excluding impairments and other charges	13.81	11.68	18.2
Consolidated excluding impairments and other charges, fuel and UAFC	8.23	8.08	1.9
Mainline unit earnings (loss) (cents) (b)	(7.47)	1.30	-
Mainline unit earnings excluding impairments and other charges, fuel and UAFC (cents) (b)	5.12	4.69	9.2
Number of aircraft in operating fleet at end of period			
Mainline	457	460	(0.7)
Regional affiliates	276	288	(4.2)
Consolidated	733	748	(2.0)
<i>Other Mainline Statistics</i>			
Mainline average price per gallon of jet fuel (cents)	323.6	208.3	55.4
Average full-time equivalent employees (thousands)	51.1	51.4	(0.6)
Mainline ASMs per equivalent employee - productivity (thousands)	693	698	(0.7)
Average stage length (in miles)	1,395	1,366	2.1
Fleet utilization (in hours and minutes)	11:09	11:09	-

(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.

UAL CORPORATION AND SUBSIDIARY COMPANIES

Successor Company Operating Statistics

(Mainline and Regional Affiliates (a))

	Six Months Ended		%
	June 30,		
	2008	2007	Change
Mainline revenue passengers (In thousands)	32,244	34,540	(6.6)
Revenue passenger miles - RPM (In millions)			
Mainline	56,370	58,562	(3.7)
Regional affiliates	5,947	6,351	(6.4)
Consolidated	62,317	64,913	(4.0)
Available seat miles - ASM (In millions)			
Mainline	69,922	70,410	(0.7)
Regional affiliates	8,007	8,103	(1.2)
Consolidated	77,929	78,513	(0.7)
Passenger load factor (percent)			
Mainline	80.6	83.2	(2.6) pt.
Regional affiliates	74.3	78.4	(4.1) pt.
Consolidated	80.0	82.7	(2.7) pt.
Consolidated operating breakeven passenger load factor (percent)	NM	78.4	NM
Passenger revenue per passenger mile - Yield (cents) [See Note 5a]			
Mainline adjusted	13.52	12.31	9.8
Regional affiliates	25.42	23.29	9.1
Consolidated adjusted	14.66	13.39	9.5
Passenger revenue per available seat mile - PRASM (cents) [See Note 5b]			
Mainline	10.93	10.27	6.4
Mainline adjusted for Mileage Plus	11.06	10.40	6.3
Regional affiliates	18.88	18.25	3.5
Regional affiliates adjusted for Mileage Plus	19.11	18.47	3.5
Consolidated	11.75	11.09	6.0
Consolidated adjusted for Mileage Plus	11.89	11.23	5.9
Operating revenue per available seat mile - RASM (cents) [See Note 5c]			
Mainline	12.26	11.51	6.5
Regional affiliates	18.88	18.25	3.5
Consolidated	12.94	12.21	6.0
Operating expense per available seat mile - CASM (cents) [See Note 5g]			
Mainline	16.58	10.96	51.3
Mainline excluding impairments and other charges	12.84	10.99	16.8
Mainline excluding impairments and other charges, fuel and UAFC	7.94	7.75	2.5
Regional affiliates	20.31	17.59	15.5
Consolidated	16.96	11.64	45.7
Consolidated excluding impairments and other charges	13.61	11.67	16.6
Consolidated excluding impairments and other charges, fuel and UAFC	8.40	8.23	2.1
Mainline unit earnings (loss) (cents) (b)	(4.32)	0.55	-
Mainline unit earnings excluding impairments and other charges, fuel and UAFC (cents) (b)	4.32	3.76	14.9
Number of aircraft in operating fleet at end of period			
Mainline	457	460	(0.7)
Regional affiliates	276	288	(4.2)
Consolidated	733	748	(2.0)
<i>Other Mainline Statistics</i>			
Mainline average price per gallon of jet fuel (cents)	303.7	198.8	52.8
Average full-time equivalent employees (thousands)	51.9	51.5	0.8
Mainline ASMs per equivalent employee - productivity (thousands)	1,347	1,367	(1.5)
Average stage length (in miles)	1,404	1,363	3.0
Fleet utilization (in hours and minutes)	10:56	11:04	(1.2)

(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.