United Continental Holdings, Inc.
Form 424B5
October 01, 2010
Table of Contents

Filed pursuant to Rule 424(b)(5)

Registration No. 333-155794

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value $0.01	684,072	(2)	(2)	(2)

(1) This number includes 684,072 shares of Common Stock issuable pursuant to incentive stock plans of Continental Airlines, Inc. assumed by UAL in connection with the merger (as defined below), including 10,500 shares of Common Stock issuable pursuant to awards granted under the Continental Airlines, Inc. 1997 Stock Incentive Plan, 17,850 shares of Common Stock issuable pursuant to awards granted under the Continental Airlines, Inc. 1998 Stock Incentive Plan, 55,388 shares of Common Stock issuable pursuant to awards granted under the Continental Airlines, Inc. Incentive Plan 2000, 401,881 shares of Common Stock issuable pursuant to awards granted under the Continental Airlines, Inc. 2005 Broad Based Employee Stock Option Plan and 198,453 shares of Common Stock issuable pursuant to awards granted under the Continental Airlines, Inc. 2005 Pilot Supplemental Option Plan. Pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this registration statement shall also cover any additional shares of Common Stock which may become issuable under the above-named plans by reason of any share split, share dividend, recapitalization or other similar transactions effected without consideration which results in an increase in the number of outstanding shares of Common Stock.

(2) This prospectus supplement covers securities that were originally registered on the Registration Statement on Form S-4 of UAL Corporation (File No. 333-167801) filed with the U.S. Securities and Exchange Commission on June 25, 2010. All filing fees payable in connection with the issuance of these securities were previously paid in connection with the filing of the Form S-4 Registration Statement.

Table of Contents

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 1, 2008)

684,072 Shares

UNITED CONTINENTAL HOLDINGS, INC.

Common Stock

This is an offering by United Continental Holdings, Inc. (formerly UAL Corporation, and herein referenced as UAL or the Company) of up to 684,072 shares of our common stock, par value $0.01 per share (Common Stock), that are issuable to certain former employees of our wholly owned subsidiary, Continental Airlines, Inc. (Continental), upon the exercise of options granted pursuant to the terms of (a) the Continental Airlines, Inc. 1997 Stock Incentive Plan, (b) the Continental Airlines, Inc. 1998 Stock Incentive Plan, (c) Continental Airlines, Inc. Incentive Plan 2000, (d) the Continental Airlines, Inc. 2005 Broad Based Employee Stock Option Plan and (e) the Continental Airlines, Inc. 2005 Pilot Supplemental Option Plan (collectively, the Continental Benefit Plans).

On October 1, 2010, Continental became our wholly owned subsidiary as a result of a merger of our wholly owned subsidiary, JT Merger Sub Inc., with and into Continental (the merger). Upon effectiveness of the merger, our name was changed from UAL Corporation to United Continental Holdings, Inc. and each outstanding share of Continental Class B common stock (Continental Common Stock), par value $0.01 per share, was converted into the right to receive 1.05 shares of UAL s Common Stock.

At the effective time of the merger, the Continental Benefit Plans were assumed by UAL. All options outstanding under the Continental Benefit Plans at the effective time of the merger, including outstanding options held by former Continental employees, that were not otherwise settled upon the merger were assumed by UAL and converted into options referenced by UAL s Common Stock subject to the same terms and conditions applicable to the corresponding Continental option, except that the number of shares of Common Stock subject to each such converted option is equal to the product, rounded down to the nearest whole number of shares of Common Stock, of (x) the number of shares of Continental Common Stock subject to the corresponding Continental stock option and (y) 1.05. The exercise price for each converted option is equal to the applicable per share exercise price for the shares of Continental Common Stock underlying such option, divided by 1.05 (rounded up to the nearest whole cent). We will receive the exercise price of stock options granted pursuant to Continental Benefit Plans and held by former Continental employees if and when such options are exercised.

On September 30, 2010, the last reported sale price of the Common Stock on The NASDAQ Global Select Market under the symbol UAUA was $23.66. Beginning on October 1, 2010, the Common Stock will be listed on The New York Stock Exchange under the symbol UAL.

Investing in the Common Stock involves a high degree of risk. See Risk factors beginning on page S-3 of this prospectus supplement and on page 3 of the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is October 1, 2010.

Table of Contents

Table of contents

Prospectus supplement

Prospectus

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus prepared by us (which we refer to as a Company free writing prospectus) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement may be used only where it is legal to sell the Common Stock offered hereby. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any related Company free writing prospectus is accurate as of any date other than the date of such document. You should not assume that the information in any document incorporated herein by reference is accurate as of any date other than the date of such incorporated document. Also, you should not assume that there has been no change in the affairs of UAL since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

Presentation of information

These offering materials consist of two documents: (1) this prospectus supplement, which describes the terms of this offering of the Common Stock and (2) the accompanying prospectus, which provides general information about us and our securities, some of which may not apply to the Common Stock that we are currently offering. **The information in this prospectus supplement replaces any inconsistent information included in the accompanying prospectus.**

At varying places in this prospectus supplement and the accompanying prospectus, we refer you to other sections of the documents for additional information by indicating the caption heading of the other sections. The page on which each principal caption included in this prospectus supplement and the accompanying prospectus can be found is listed in the table of contents on the preceding page. All cross references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise stated.

Certain statements contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus are forward-looking and thus reflect current expectations and beliefs of UAL, Continental and UAL s wholly owned subsidiary United Air Lines, Inc. (United) with respect to certain current and future events and financial performance. Such forward-looking statements are and will be subject to many risks and uncertainties relating to our operations and business environment that may cause actual results to differ materially from any future results expressed or implied in such forward-looking statements. Words such as expects, will, plans, anticipates, indicates, believes, forecast, guidance, outlook and similar expressions are intended to identify forward-looking statements.

Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus are based upon information available to us on the date such statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise.

Our actual results could differ materially from these forward-looking statements due to numerous factors including, without limitation, the following: our ability to comply with the terms of our amended credit facility and other financing arrangements; the costs and availability of financing; our ability to maintain adequate liquidity; our ability to execute our operational plans; our ability to control our costs, including realizing benefits from our resource optimization efforts, cost reduction initiatives and fleet replacement programs; our ability to utilize our net operating losses; our ability to attract and retain customers; demand for transportation in the markets in which we operate; an outbreak of a disease that affects travel demand or travel behavior; demand for travel and the impact the economic recession has on customer travel patterns; the increasing reliance on enhanced video-conferencing and other technology as a means of conducting virtual meetings; general economic conditions (including interest rates, foreign currency exchange rates, investment or credit market conditions, crude oil prices, costs of aviation fuel and energy refining capacity in relevant markets); our ability to hedge cost-effectively against increases in the price of aviation fuel; any potential realized or unrealized gains or losses related to fuel or currency hedging programs; the effects of any hostilities, act of war or terrorist attack; the ability of other air carriers with whom we have alliances or partnerships to provide the services contemplated by our respective arrangements with such carriers; the costs and availability of aviation and other insurance; the costs associated with security measures and practices; industry consolidation; competitive pressures on pricing and on demand; capacity decisions of United, Continental and/or our

Table of Contents

competitors; U.S. or foreign governmental legislation, regulation and other actions (including open skies agreements); labor costs, our ability to maintain satisfactory labor relations and the results of the collective bargaining agreement process with our union groups; any disruptions to operations due to any potential actions by our labor groups; weather conditions; the possibility that expected merger synergies will not be realized, or will not be realized within the expected time period; and other risks and uncertainties, including those set forth in the SEC reports incorporated by reference in the accompanying prospectus or as stated or incorporated by reference in this prospectus supplement under the caption Risk factors. Consequently, forward-looking statements should not be regarded as representations or warranties by UAL, United or Continental that such matters will be realized.

Table of Contents

Summary

The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial statements appearing elsewhere in this prospectus supplement and the accompanying prospectus, as well as the materials filed with the SEC, that are considered to be part of this prospectus supplement and the accompanying prospectus.

United Continental Holdings, Inc.

UAL is a holding company and its principal wholly owned subsidiaries are United and Continental. We sometimes use the words we, our, the Company and us in this prospectus supplement for disclosures that relate to UAL, together with its consolidated subsidiaries. United s and Continental s operations consist primarily of the transportation of persons, property and mail throughout the United States and abroad.

United is one of the largest international carriers based in the United States. United, including regional flights operated on United s behalf under capacity purchase agreements with other carriers, operates approximately 3,400 flights a day to more than 230 U.S. domestic and international destinations from its hubs in Los Angeles, San Francisco, Denver, Chicago, Washington, D.C. and Tokyo and has key global air rights in the Asia-Pacific region, Europe and Latin America. United also is a founding member of Star Alliance, which overall offers 21,200 daily flights to 1,172 airports in 181 countries through its 28 member airlines. United s 46,000 employees reside in every U.S. state and in many countries around the world. Together with its regional partners, United carries approximately 81 million passengers annually.

Continental is the world s fifth largest airline, as measured by the number of scheduled miles flown by revenue passengers in 2009. Continental, together with its wholly owned subsidiary, Continental Micronesia, Inc., and including regional flights operated on Continental s behalf under capacity purchase agreements with other carriers, has more than 2,200 daily departures throughout the Americas, Europe and Asia, serving 117 domestic and 127 international destinations. Continental is also a member of Star Alliance, which overall offers 21,200 daily flights to 1,172 airports in 181 countries through its 28 member airlines. With more than 40,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and together with its regional partners, carries approximately 63 million passengers per year.

UAL was incorporated under the laws of the State of Delaware on December 30, 1968. UAL s corporate headquarters is located at 77 West Wacker Drive, Chicago, Illinois 60601. The mailing address is P.O. Box 66919, Chicago, Illinois 60666 (telephone number (312) 997-8000).

Table of Contents

The offering

Issuer	United Continental Holdings, Inc.
Common Stock offered	Up to 684,072 shares of Common Stock from time to time upon exercise of outstanding options held by former Continental employees.
Use of proceeds	We will receive the exercise price of stock options granted pursuant to Continental Benefit Plans and held by former Continental employees if and when such options are exercised. We intend to use any net proceeds received for general corporate purposes.
Dividends	We do not currently pay cash dividends on the Common Stock. See Dividend policy.
Risk factors	You should carefully consider the discussion set forth under the heading Risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.
NYSE symbol	UAL
Transfer agent and registrar	Computershare Investor Services.

Table of Contents

Risk factors

You should carefully consider the risks described below and the risks described under Risk Factors in our most recent annual report on Form 10-K and quarterly reports on Form 10-Q, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The market or trading price of the Common Stock could decline due to any of these risks or other factors, and you may lose all or part of your investment.

Risks related to the Common Stock

Certain provisions of UAL s Governance Documents could discourage or delay changes of control or changes to the board of directors of UAL (the Board).

Certain provisions of the amended and restated certificate of incorporation and amended and restated bylaws of UAL (together, the Governance Documents) may make it difficult for stockholders to change the composition of the Board and may discourage takeover attempts that some of its stockholders may consider beneficial.

Certain provisions of the Governance Documents may have the effect of delaying or preventing changes in control if the Board determines that such changes in control are not in the best interests of UAL and its stockholders.

These provisions of the Governance Documents are not intended to prevent a takeover, but are intended to protect and maximize the value of UAL s stockholders interests. While these provisions have the effect of encouraging persons seeking to acquire control of UAL to negotiate with the Board, they could enable the Board to prevent a transaction that some, or a majority, of its stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors.

UAL s amended and restated certificate of incorporation limits certain transfers of the Common Stock.

To reduce the risk of a potential adverse effect on the Company s ability to utilize its net operating loss (NOL) carryforwards for federal income tax purposes, UAL s amended and restated certificate of incorporation contains a 5% ownership limitation (the 5% Ownership Limitation) applicable to stockholders. The 5% Ownership Limitation generally remains effective until February 1, 2014 or such later date as may be approved by the Board. The 5% Ownership Limitation prohibits (i) the acquisition by a single stockholder of shares that results in such stockholder owning 5% or more of the Common Stock of UAL and (ii) any acquisition or disposition of Common Stock by a stockholder that already owns 5% or more of UAL s Common Stock, unless prior written approval is granted by the Board. The percentage ownership of a single stockholder can generally be computed by dividing the number of shares of Common Stock held by the stockholder by the sum of the shares of Common Stock issued and outstanding plus the number of shares of Common Stock still held in reserve for payment to unsecured creditors under the Debtors Second Amended Joint Plan of Reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code. Trading in the Common Stock or instruments convertible or exchangeable into the Common Stock by a stockholder who owns 5% or more of the Common Stock may be subject to restrictions on transfer. For additional information regarding the 5% Ownership Limitation, please refer to UAL s amended and restated certificate of incorporation, a form of which was included as an annex to our joint proxy statement/prospectus filed with the SEC on August 18, 2010.

Table of Contents

Any transfers of Common Stock that are made in violation of the restrictions set forth above will be void and, pursuant to UAL s amended and restated certificate of incorporation, will be treated as if such transfer never occurred. This provision may prevent a sale of Common Stock by a stockholder or adversely affect the price at which a stockholder can sell Common Stock and consequently make it more difficult for a stockholder to sell shares of Common Stock. In addition, this limitation may have the effect of delaying or preventing a change in control of UAL, creating a perception that a change in control cannot occur or otherwise discouraging takeover attempts that some stockholders may consider beneficial, which could also adversely affect the prevailing market price of the Common Stock.

The issuance of UAL s contingent senior unsecured notes could adversely impact results of operations, liquidity and financial position and could cause dilution to the interests of its existing stockholders.

In connection with UAL s emergence from Chapter 11 bankruptcy protection, UAL is obligated under an indenture to issue to the Pension Benefit Guaranty Corporation (PBGC) up to $500 million in principal amount of 8% senior unsecured notes (the 8% Contingent Notes) under certain circumstances. The 8% Contingent Notes would be issued in up to eight equal tranches of $62.5 million upon the occurrence of certain financial triggering events (with one tranche issued as a result of each triggering event up to eight total tranches). A triggering event occurs when the EBITDAR (as defined in the PBGC indenture) of UAL and its subsidiaries on a consolidated basis (which includes both United and Continental) exceeds $3.5 billion over the prior twelve months ending June 30 or December 31 of any applicable fiscal year. These twelve-month measurement periods began with the fiscal year ending December 31, 2009 and will end with the fiscal year ending December 31, 2017. However, if the issuance of a tranche would cause a default under any other securities then existing, UAL may satisfy its obligations with respect to such tranche by issuing Common Stock having a market value equal to $62.5 million. Each issued tranche will mature 15 years from its respective issuance date, with interest payable in cash in semi-annual installments, and will be callable, at UAL s option, at any time at par, plus accrued and unpaid interest.

Because Continental s EBITDAR will be included in this calculation as a result of the merger, the completion of the merger has increased the likelihood that all or a portion of the 8% Contingent Notes will be issued, as well as the likelihood that the timing of any such issues would be accelerated. However, because the issuance of the 8% Contingent Notes is based upon future operating results, we cannot predict the exact number and timing of any such issuances. The issuance of the 8% Contingent Notes could adversely impact UAL s results of operations because of increased interest expense related to the 8% Contingent Notes and adversely impact its financial position or liquidity due to increased cash required to meet interest and principal payments. Any Common Stock issued in lieu of debt will cause additional dilution to existing UAL stockholders.

The price of the Common Stock may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of the Common Stock may prevent you from being able to sell your shares at or above the price you paid for your shares. The market price of the Common Stock could fluctuate significantly for various reasons which include:

- changes in the prices or availability of oil or jet fuel;
- our quarterly or annual earnings or those of other companies in our industry;
- the public s reaction to our press releases, our other public announcements and our filings with the SEC;

changes in our earnings or recommendations by research analysts who track the Common Stock or the stock of other airlines;

changes in general conditions in the United States and global economy, financial markets or airline industry, including those resulting from changes in fuel prices or fuel shortages, war, incidents of terrorism or responses to such events;

changes in the competitive landscape for the airline industry, including any changes resulting from industry consolidation whether or not involving our company; and

the other risks described in these Risk factors.

In addition, in recent periods, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of these companies. The price of the Common Stock could fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations could materially reduce our stock price.

UAL s Common Stock has a limited trading history and its market price may be volatile.

UAL s Common Stock began trading on The NASDAQ National Market under the ticker symbol UAUA on February 2, 2006, following our emergence from Chapter 11 bankruptcy protection. Beginning on October 1, 2010, the Common Stock will be listed and trade on The New York Stock Exchange under the ticker symbol UAL. As a result, the Common Stock has a limited trading history. The market price of the Common Stock may fluctuate substantially due to a variety of factors, many of which are beyond our control.

The price of UAL s Common Stock may be affected by the availability of shares for sale in the market and upon conversion of convertible securities.

The sale or availability for sale of substantial amounts of the Common Stock could adversely impact its price. UAL s amended and restated certificate of incorporation authorizes it to issue 1,000,000,000 shares of Common Stock. On September 29, 2010, there were 168,507,722 shares of Common Stock outstanding. On October 1, 2010, approximately 148 million additional shares of Common Stock were issued to former stockholders of Continental in connection with the merger. Accordingly, a substantial number of shares of Common Stock are outstanding and available for sale in the market. In addition, we may be obligated to issue additional shares of Common Stock upon the conversion of outstanding convertible securities or in connection with employee benefit plans.

In the future, we may decide to raise capital through offerings of our Common Stock, securities convertible into or exchangeable for Common Stock, or rights to acquire these securities or Common Stock. The issuance of additional shares of Common Stock or securities convertible into or exchangeable for Common Stock could result in dilution of existing stockholders equity interests in UAL. Issuances of substantial amounts of Common Stock, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Stock and we cannot predict the effect this dilution may have on the price of Common Stock.

UAL s amended and restated certificate of incorporation limits voting rights of certain foreign persons.

UAL s amended and restated certificate of incorporation limits the voting rights of persons holding any of UAL s equity securities who are not citizens of the United States, as defined in Section 40102(a)(15) of Title 49 United States Code, to 24.9% of the aggregate votes of all equity securities outstanding. This restriction is applied pro rata among all holders of equity securities who fail to qualify as citizens of the United States, based on the number of votes to which the underlying securities are entitled.

You may not receive dividends on the Common Stock.

Holders of the Common Stock are entitled to receive only such dividends as the Board may declare out of funds legally available for such payments. We have historically not paid cash dividends and have no plans to pay cash dividends on the Common Stock. We are incorporated in Delaware and governed by the Delaware General Corporation Law. Delaware law allows a corporation to pay dividends only out of surplus, as determined under Delaware law or, if there is no surplus, out of net profits for the fiscal year in which the dividend was declared and for the preceding fiscal year. Under Delaware law, however, we cannot pay dividends out of net profits if, after we pay the dividend, our capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Furthermore, holders of the Common Stock may be subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock then outstanding. Finally, under the terms of our amended credit facility, our ability to pay distributions on, or repurchase, the Common Stock is restricted.

Risks related to the combined company following the merger

We may be unable to integrate successfully the businesses of United and Continental and realize the anticipated benefits of the merger.

The merger involves the combination of two companies that previously operated as independent public companies. We will be required to devote significant management attention and resources to integrating the business practices and operations of United and Continental. Potential difficulties we may encounter as part of the integration process include the following:

- the inability to successfully combine the businesses of United and Continental in a manner that permits us to achieve the full revenue and cost synergies anticipated to result from the merger;

- complexities associated with managing the combined businesses, including the challenge of integrating complex systems, technology,