

UAL CORP /DE/
Form 10-Q
May 09, 2007

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 March 31, 2007**

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 001-06033

UAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
77 W. Wacker Drive, Chicago, Illinois
(Address of principal executive offices)

36-2675207
(I.R.S. Employer
Identification No.)
60601
(Zip Code)

(312) 997-8000

(Registrant's telephone number, including area code)

1200 East Algonquin Road, Elk Grove Township, Illinois 60007

(Former address)

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. Yes No

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

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Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at April 30, 2007 |
|---------------------------------|----------------------------------|
| Common Stock (\$0.01 par value) | 115,585,795 |

UAL Corporation and Subsidiary Companies Report on Form 10-Q
For the Quarter Ended March 31, 2007

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UAL Corporation and Subsidiary Companies

Condensed Statements of Consolidated Operations (Unaudited)

(In millions, except per share amounts)

| | Successor Three Months Ended March 31, 2007 | Period from February 1 to March 31, 2006 | Predecessor Period from January 1 to January 31, 2006 |
|---|---|---|---|
| Operating revenues: | | | |
| Passenger United Airlines | \$ 3,264 | \$ 2,182 | \$ 1,074 |
| Passenger Regional Affiliates | 675 | 465 | 204 |
| Cargo | 168 | 124 | 56 |
| Other operating revenues | 266 | 236 | 124 |
| | 4,373 | 3,007 | 1,458 |
| Operating expenses: | | | |
| Salaries and related costs | 1,068 | 726 | 358 |
| Aircraft fuel | 1,041 | 705 | 362 |
| Regional affiliates | 692 | 468 | 228 |
| Purchased services | 301 | 206 | 98 |
| Aircraft maintenance materials and outside repairs | 281 | 179 | 80 |
| Landing fees and other rent | 238 | 145 | 75 |
| Depreciation and amortization | 220 | 148 | 68 |
| Distribution expenses | 188 | 141 | 60 |
| Aircraft rent | 100 | 75 | 30 |
| Cost of third party sales | 93 | 128 | 65 |
| Special operating items (Note 2) | (22) | | |
| Other operating expenses | 265 | 205 | 86 |
| | 4,465 | 3,126 | 1,510 |
| Loss from operations | (92) | (119) | (52) |
| Other income (expense): | | | |
| Interest expense (Note 11) | (206) | (141) | (42) |
| Interest income | 58 | 28 | 6 |
| Interest capitalized | 5 | 3 | |
| Miscellaneous, net | (2) | 6 | |
| | (145) | (104) | (36) |
| Loss before reorganization items, income taxes and equity in earnings of affiliates | (237) | (223) | (88) |
| Reorganization items, net | | | 22,934 |
| Earnings (loss) before income taxes and equity in earnings of affiliates | (237) | (223) | 22,846 |
| Income tax benefit | (84) | | |
| Earnings (loss) before equity in earnings of affiliates | (153) | (223) | 22,846 |
| Equity in earnings of affiliates, net of tax | 1 | | 5 |
| Net income (loss) | \$ (152) | \$ (223) | \$ 22,851 |
| Earnings (loss) per share, basic and diluted | \$ (1.32) | \$ (1.95) | \$ 196.61 |

See accompanying *Notes to Condensed Consolidated Financial Statements (Unaudited)*.

UAL Corporation and Subsidiary Companies

Condensed Statements of Consolidated Financial Position (Unaudited)

(In millions, except shares)

| | March 31, 2007 | December 31, 2006 |
|--|-------------------|----------------------|
| <i>Assets</i> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,176 | \$ 3,832 |
| Restricted cash | 356 | 341 |
| Short-term investments | 193 | 312 |
| Receivables, less allowance for doubtful accounts (2007 \$28; 2006 \$27) | 1,071 | 820 |
| Prepaid fuel | 327 | 283 |
| Aircraft fuel, spare parts and supplies, less obsolescence allowance (2007 \$9; 2006 \$6) | 205 | 218 |
| Deferred income taxes | 73 | 122 |
| Prepaid expenses and other | 360 | 345 |
| | 5,761 | 6,273 |
| Operating property and equipment: | | |
| Owned | | |
| Flight equipment | 8,986 | 8,958 |
| Advances on flight equipment | 103 | 103 |
| Other property and equipment | 1,462 | 1,441 |
| | 10,551 | 10,502 |
| Less accumulated depreciation and amortization | (635) | (503) |
| | 9,916 | 9,999 |
| Capital leases: | | |
| Flight equipment | 1,511 | 1,511 |
| Other property and equipment | 33 | 34 |
| | 1,544 | |