

United's Reorganization



A Message From The CEO

United Airlines is taking steps to secure its position as a leading player in the global airline industry. We recognize that we must make some fundamental changes to our business to keep pace with the changing economic environment and continue to meet the travel needs of our customers.

The economic slowdown and the tragic events of September 11, 2001 have accelerated changes in the way consumers travel – this is particularly true of business travel, which is down significantly from last year. As a business airline, that drop has hurt United more than most other carriers. We also face increasing competition on many of our routes from low-cost carriers. Additionally, United operates with some of the highest costs in the industry, and that cost structure is no longer sustainable. Clearly, the economics of the airline industry have changed, and we must change to continue to be strong and competitive.

We have been working hard to reduce our costs and increase revenue. While we've made some progress, we were unable to achieve the level of cost savings necessary to restructure out of court. At this point, the only way for us to restructure our business and secure our position at the top of the airline industry is through a Chapter 11 filing.

Chapter 11 will help us make behind-the-scenes changes while continuing to operate. Over the coming months, we will work to develop a plan of reorganization that will provide the roadmap for our future that will ensure we can best serve our customers. And throughout that time, we will continue to operate a safe and reliable airline. You can continue to book your travel with United with confidence.

We expect to come out of this process a stronger and more competitive airline. We have built one of the most enduring brands in the business with an extensive global route network and award-winning customer programs. We have a hard-won reputation for safety and reliability. We stand by our commitment to providing customers the best service in the industry. Ultimately, this process will enable us to do that more efficiently and effectively.

We have prepared this brochure to help our customers better understand what we are doing and why. Thank you for flying with United. We encourage you to visit our website, www.united.com, regularly for the latest information and a range of traveler services.

A handwritten signature in cursive script, reading "Glenn Tilton".

Glenn Tilton
Chairman, President and CEO

Benefits of Chapter 11



United's Reorganization: Going-Forward

The Chapter 11 process will enable United to reorganize its cost structure in the most efficient way possible. We are developing a long-term plan that will bring our costs into line with our revenues and make United's operations more efficient and effective. All of these fundamental changes to secure our future will be accomplished while United continues to provide service to our customers.

THE BENEFITS OF CHAPTER 11

The Purpose of Chapter 11

The purpose of a Chapter 11 reorganization is to permit a company to continue operating while developing a plan to reorganize its finances and operations subject to the supervision of a bankruptcy court. Many people, when they hear "bankruptcy," think "liquidation" (that is, when a company sells off all its assets and inventory and goes out of business). Chapter 11 does **not** mean liquidation. Nor is Chapter 11 similar to the concept of bankruptcy in many other countries.

Chapter 11 provides United with protection from its creditors. This process is designed specifically so United can take a "time out" while it develops a plan to reorganize.

Daily Operations Continue

While operating under Chapter 11, the company generally continues to conduct business as usual. The significant change for the company is that it must get approval from the Court before it can take certain extraordinary actions, such as a sale of assets and the procurement of new loans.

During the Chapter 11 process the company can continue to do things "in the ordinary course" of business without having to seek permission from the court or creditors to do so. For United this means our day-to-day operations will continue so that we can serve our customers.

Access to New Capital

One of the benefits to Chapter 11 is the access to new capital otherwise unavailable to the company. During the Chapter 11 process, a company will often arrange special financing, called debtor-in-possession (DIP) financing. This financing is used to help meet ongoing operating needs during reorganization. United has arranged commitments for \$1.5 billion in DIP financing. With DIP financing and our cash on hand, we have more than adequate funds to meet our operating needs during the reorganization.

Reorganization – Coming Up With A Plan

One of the main objectives of a company that is in Chapter 11 is to deal with the cause of its financial problems and develop a plan (the "Plan of Reorganization") to fix them. This plan provides the basis for the company's emergence from Chapter 11 reorganization. The company will present the plan to the court at a later date. The court's approval of the plan sets the stage for the company's exit from Chapter 11. The exit date has yet to be determined.

Commonly Asked Questions



Q. Why did United elect to file for Chapter 11?

A. United filed for Chapter 11 after looking at a number of factors. First, our cash burn was at an unsustainable level, and we have been unable to access the capital markets for some time now. We made an application for loan guarantees to the ATSB, but were unsuccessful. At this point, we determined that the only viable option to address the company's liquidity crisis was to file for court protection.

Q. What is Chapter 11?

A. Chapter 11 refers to the section of the U.S. Bankruptcy Code that provides for court-supervised restructuring of companies as they continue to operate in the normal course.

Q. Does this filing mean that United is going out of business?

A. Absolutely not. On the contrary, the changes we make during this process should enable United to strengthen its operations and remain competitive for the long term.

Q. How will the Chapter 11 filing affect United's flights and customer programs?

A. United will continue to operate across the world and offer the programs customers have come to expect. However, as we move through the restructuring process, there may be some limited changes that could affect certain routes or services. We will keep you informed of any such decisions.

Q. Does United have enough money to operate?

A. Yes. Our cash-on-hand, in addition to the debtor-in-possession financing we have arranged, are more than adequate to fund our anticipated operating needs during the reorganization.

Q. When will United's reorganization be complete?

A. While we will work to conclude this process as quickly as possible, United is a large and complex company, and this process will take some time. Our goal is to complete this process within 18 months.

Q. Will United's international operations be affected by the U.S. filing?

A. United's international operations are not affected by the filing.

Q. What is debtor-in-possession financing?

A. DIP financing is unique financing available only for companies in Chapter 11 that affords special priority to the lenders. DIP financing may be used to help pay post-petition trade and employee obligations as well as meet the company's other ongoing operating needs during reorganization.

Terms and Definitions



The following are some of the terms commonly associated with a Chapter 11 proceeding:

Automatic Stay: An injunction that is created automatically upon the filing of a bankruptcy petition. An automatic stay prohibits all collection actions against or efforts to exercise control over assets, wherever located, of a debtor (the company in bankruptcy).

Bankruptcy Court: The federal tribunal that supervises cases filed under the Bankruptcy Code.

Bar Date: The deadline by which creditors must file a claim with the Bankruptcy Court against the debtor.

Chapter 11: The chapter in the Bankruptcy Code that contains the provisions for court-supervised reorganization of debtor companies.

Confirmation: Final approval by the Bankruptcy Court of a debtor's plan of reorganization.

Creditor: An entity that has a claim against the debtor which arose prior to the date that the debtor filed for Chapter 11 protection.

Creditors' Committee: A committee appointed by the United States Trustee at the inception of a Chapter 11 case to represent creditors holding unsecured claims. Generally, the Creditors' Committee monitors the debtor's ongoing operations, consults with the debtor on major business decisions, and participates in the formulation of a plan of reorganization.

Debtor: The entity seeking protection under the Bankruptcy Code.

Debtor in Possession: In a Chapter 11 filing, the debtor generally becomes a "debtor in possession" and continues to operate its business while retaining possession of its assets or property.

Debtor-in-Possession (DIP) Financing: DIP financing is special financing for companies in Chapter 11 and is used to help meet the company's ongoing operating needs during reorganization.

Disclosure Statement: A document that is presented to the Bankruptcy Court that discloses the terms of the company's plan of reorganization, as well as sufficient information so that holders of claims or interests can make an informed decision as to whether to vote for or against the plan.

Lien: The right to take and sell or hold the property of a debtor as security for or in payment of a debt.

Petition: The document that commences a bankruptcy proceeding.

Petition Date/Filing Date: The date on which the bankruptcy petition is filed with the bankruptcy court.

Terms and Definitions



Plan of Reorganization: The reorganization plan is, in essence, a contract between a debtor and parties in interest that sets forth the treatment of all claims against all interests in the debtor. It may also include various repayment schedules pertaining to the various creditors. A proposed plan of reorganization is submitted to a vote by all creditors. If approved by such vote, the Bankruptcy Court must rule whether the plan complies with confirmation requirements (confirmation).

Post-Petition: The period of time after the debtor files a bankruptcy petition (includes the petition/filing date).

Pre-Petition: The period of time before a bankruptcy petition is filed.

Priority Claim: Certain classes of claims are designated as priority by the Bankruptcy Code, such as claims for lost wages or taxes. Each classification of claims must be paid in order of priority as provided for in section 507 of the U.S. Bankruptcy Code.

Proof of Claim: Statement under oath filed in a bankruptcy proceeding by a creditor in which the creditor sets forth the amount owed and sufficient detail to identify the basis for the claim.

Reorganization: The resolving of a Chapter 11 bankruptcy by the emergence of the debtor as a viable business. Generally, the company agrees with creditors on a plan for payment of their claims (plan of reorganization) and emerges from Chapter 11 after the court confirms the plan.

Restructuring: A general term applied to the efforts to restructure or reorganize a debtor and its operations.

Secured Claim: A claim that is secured by a lien and granted a priority by the bankruptcy court.

United States Trustee: The United States Trustee's Office is a part of the Justice Department charged with the responsibility of overseeing the bankruptcy process and ensuring its integrity. The U.S. Trustee also performs important administrative functions, including having to interview the debtor upon the filing of the case, schedule the first meeting of the creditors, inform the debtor of its duties and responsibilities, ensure that the debtor complies with its reporting duties and responsibilities, appoint creditors and equity holder committees, apply to the Bankruptcy Court for appropriate relief and make recommendations to the Court.

Unsecured Claim: A claim that is not secured by collateral.

Chapter 11 and its Impact on Customers



United's Chapter 11 reorganization will not affect its day-to-day operations. We will continue to meet customer needs and provide the safe, reliable and high-quality service you have come to expect from us. United's web site, www.united.com, will continue to provide customers with the latest information.

United will continue to operate around the world. We will honor current and future tickets and maintain our refund and exchange policies. Although some future service changes are possible, we will do our best to keep any impact on you and all our customers to a minimum. All of our customer programs like Mileage Plus operate without interruption. Mileage Plus members are able to accrue and redeem award benefits as always. Additionally, our Red Carpet Clubs, First Class lounges and Arrivals by United facilities will continue to operate.

Customer FAQs:

1. Will my ticket be valid throughout the reorganization process?

Yes.

2. Can I still receive a refund for an unused ticket?

United's customary refund policies remain in effect.

3. How does the Chapter 11 filing affect the Mileage Plus program?

It doesn't. The Mileage Plus program continues as usual. Members will continue to accrue and redeem mileage for travel awards.

4. Can I still accrue mileage on partners' flights?

Yes.

5. Does the filing have any impact on the Mileage Plus Visa Card?

No.

6. What impact will the filing have on United's participation in Star Alliance?

None. We continue to offer our customers the ease and convenience of being part of the premier global airline network.

Chapter 11 and its Impact on Customers



7. How does the Chapter 11 affect the Red Carpet Clubs?

Red Carpet Clubs remain open and ready to serve members. Additionally, members of the Red Carpet Clubs have the added convenience of now accessing US Airways' Clubs, in accordance with certain rules.

8. Will clubs be closed? Will services be reduced?

While it is possible that we may decide to close some Red Carpet Clubs during the restructuring process, we have no plans at this time to close any locations or to reduce the amenities and services offered.

For questions regarding future date travel issues such as reservations or seat assignments, please call 1-800-UNITED1, 24 hours a day, 7 days a week.

For additional questions or comments, please contact Customer Relations via the "Contact United" link on the website or call us toll-free at 877-228-1327. You can also fax us toll-free at 877-406-1059.