

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
UAL CORPORATION et al.,)	Case No. 02-B-48191
)	(Jointly Administered)
Debtors.)	
)	Honorable Eugene R. Wedoff

DEBTORS' NOVEMBER, 2005 REPORT ON STATUS OF REORGANIZATION

During the past month, United has focused most of its restructuring efforts on soliciting acceptances of its Chapter 11 plan of reorganization after the Court approved the adequacy of United's disclosure statement on October 20, 2005. For the remainder of 2005 and through the confirmation hearing currently scheduled to begin on January 18, 2006, United and its advisors expect the restructuring to focus on: attempting to reach consensus with its major stakeholders – particularly the Creditors' Committee -- on the terms of the plan, definitively documenting various settlements reached throughout the course of the case, implementing the mechanics for making distributions under the plan once confirmed, and resolving unsecured claims against the estate to maximize distributions to unsecured creditors as soon as possible after emergence.

Towards that end, on October 26, 2005, the Court entered an order terminating the pilots defined benefit pension plan. Both URPBPA and PBGC have filed notices of appeal of that order. In addition, on November 1, the Seventh Circuit Court of Appeals entered an order affirming this Court's approval of United's global settlement with PBGC. Finally, on November 10, the United States District Court for the Eastern District of Virginia granted summary judgment in favor of PBGC on the issue of the propriety of the March 11, 2005 termination in the MAPC defined benefit pension plan.

As stated above, United continues to reconcile, object to, and resolve claims against the estate. As part of that process, on November 8, 2005, United filed an omnibus objection to more than \$5 billion in tax-indemnity-related claims, and United expects to continue to devote considerable effort to resolving these and other aircraft-related claims prior to confirmation.

Operational Update

On October 31, United announced its third quarter 2005 financial results. United posted operating earnings of \$165 million for the quarter, an improvement of \$245 million over the same quarter last year, despite higher fuel prices for the mainline and regional affiliates negatively impacting fuel expense by \$405 million year-over-year. United reported a net loss of \$1.8 billion, or a loss per basic share of \$15.26, which includes \$1.8 billion in reorganization items that were primarily driven by \$1.7 billion in non-cash aircraft rejection charges. It is common for the results of operations of companies progressing through Chapter 11 to be impacted by non-cash charges related to their reorganization, especially as restructuring work nears completion. Excluding reorganization items, UAL earned a net profit of \$68 million for the quarter. Mainline passenger unit revenue (PRASM) increased 11 percent and yield increased 9 percent, compared to the third quarter last year. System load factor increased 2 points to 84 percent. Results for the third quarter of 2005 reflect a 3 percent reduction in traffic on a 5 percent reduction in system capacity compared with the same period last year. United achieved one of the highest system length-of-haul adjusted passenger unit revenues in the industry.

Mainline operating expense per available seat mile (CASM) was up only 5 percent from the year-ago quarter, despite the 5 percent decrease in capacity and a 46 percent (or \$301 million) increase in mainline fuel price. Salaries and related costs were down 21 percent, or \$270 million, primarily reflecting recent labor and management cost reductions and an 8 percent

reduction in manpower. Fuel expense is now the company's single largest expense item, surpassing salaries and related expenses. Excluding fuel, CASM decreased 5 percent.

The company ended the quarter with an unrestricted cash balance of \$1.7 billion, and a restricted cash balance of \$954 million, for a total cash balance of \$2.7 billion. The unrestricted cash balance increased by \$35 million during the quarter.

Also on October 31, United filed with this Court its Monthly Operating Report for September. The company posted a \$24 million operating loss for September, which compares to a \$118 million loss in the same month last year. PRASM improved 15 percent compared to the same period last year. United met the requirements of its debtor-in-possession (DIP) financing.

On October 25, United announced the first anniversary of its premium transcontinental service, p.s.SM. Since the introduction of p.s. last October, United's premium cabin share has increased by more than 50 percent.

On November 3, United reported its October 2005 traffic results. United recorded its highest-ever October passenger load factor of 80.6 percent. Total scheduled revenue passenger miles (RPMs) in October decreased by 1.1 percent on a capacity decrease of 4.6 percent in scheduled available seat miles (ASMs) compared to the same period in 2004.

According to the U.S. Department of Transportation Air Travel Consumer Report for September 2005 issued on November 3, United ranked third among the seven major network carriers in on-time arrivals for the month, with 83.1 percent of flights arriving within fourteen minutes of schedule. United also placed first among this group with the lowest mishandled baggage rate for the third consecutive month, the fewest number of cancelled flights and the fewest number of involuntary denied boardings. United's ranking for involuntary denied boardings was the best of the seven major carriers for January to September 2005.

On November 11, United announced that it will hire 2,000 flight attendants, the first time the company has hired flight attendants in the past four years. On November 11, United announced that it will hire 2,000 flight attendants, the first time the company has added to its flight attendant ranks in the past four years. The company received an overwhelming response, with more than 16,700 online applications received within the first three days. As a result, United announced on November 16 that it will temporarily suspend taking applications for flight attendant positions until further notice.

United announced a code-share and frequent flier agreement with Swiss International Air Lines on November 1 which expands United's network in Europe, Africa and the Middle East. On October 24, United announced that as part of the new bilateral agreement between the United States and Mexico, it has applied for five new routes from Chicago and Los Angeles to Mexico. If accepted, the service will begin this winter season. On October 26, United announced new service between Denver and Knoxville, TN; Washington Dulles and Daytona Beach, FL; Chicago O'Hare and Tuscon, AZ; and Chicago O'Hare and Palm Springs, CA.

Conclusion

With vote solicitation underway, United is approaching the conclusion of its exit process. As United continues to press forward in its efforts to emerge in early 2006, the company will also continue to keep the Court and key stakeholders advised of all restructuring developments.

Dated: November 17, 2005
Chicago, Illinois

UAL CORPORATION, et al.

/s/ James J. Mazza, Jr.

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