

APPENDIX D

FINANCIAL PROJECTIONS

NOTES TO FINANCIAL PROJECTIONS

These Notes should be read in conjunction with the Plan, Disclosure Statement and Plan Supplement in their entirety.¹ Attached is a Projected Income Statement, Projected Balance Sheet and a Projected Cash Flow Statement, each of which include the following: (a) the Debtors' consolidated financial statement information for the period December 2002 through December 2004; (b) six months of actual results (January through June) and six months of projected results (July through December) for 2005; and (c) consolidated projected operating and financial results (the "Projections") for the Reorganized Debtors' five year post-Effective Date period from 2006 through 2010 (the "Projection Period").² Also attached is a Projected Fresh Start Balance Sheet reflecting, in accordance with fresh start reporting, the assumed effect of Confirmation and the consummation of the transactions contemplated by the Plan on the presumed Effective Date.

THE PROJECTIONS HAVE BEEN PREPARED BY THE DEBTORS' MANAGEMENT WITH THE ASSISTANCE OF THEIR FINANCIAL ADVISORS, ROTHSCHILD AND HURON CONSULTING. SUCH PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS.

MOREOVER, THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, CURRENCY EXCHANGE

¹ Capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Plan or Disclosure Statement, as applicable.

² Because the Projections assume an Effective Date of February 1, 2006, the Projections for 2006 include one month of projected results for the Debtors (January) and 11 months of projected results for Reorganized Debtors (February through December).

RATE FLUCTUATIONS, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED IN ARTICLE VI OF THE DISCLOSURE STATEMENT ENTITLED "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING") AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THIS DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THE PROJECTIONS THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS. (SEE, ARTICLE VI OF THE DISCLOSURE STATEMENT, "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING.")

The Projections have been prepared on the assumption that the Effective Date is February 1, 2006, and are based on, and assume the successful implementation of the Reorganized Debtors' business plan. Although the Debtors presently intend to cause the Effective Date to occur as soon as practical following confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur. In accordance with fresh start reporting, the

Projections reflect the assets and liabilities of the Debtors as of the Effective Date, in accordance with generally accepted accounting principles and are based upon their estimated fair market values.

The Projections are based on, among other things: (a) current and projected market conditions in each of the Debtors' respective markets; (b) the ability to maintain sufficient working capital to fund operations; (c) termination of all four defined benefit pension plans; (d) final approval of the New Credit Facility; (e) Bankruptcy Court approval of material changes to certain aircraft lease and financing agreements as discussed below; and (f) confirmation of the Plan.

The Projections include consolidated results for the Debtors' domestic and international operations (collectively, "Mainline"), United Express, and ancillary activities. The Debtors' international operations include destinations in the Pacific, Atlantic and Latin America markets. The Projections assume a stable fleet of 453 mainline aircraft operated by the Debtors, and a fleet of 300 regional jet and turboprop aircraft owned and operated by the United Express carriers by February 2006.

Glossary of Terms

Advance Ticket Sales: A current liability representing the value of unused passenger tickets, primarily resulting from the purchase of tickets by customers in advance of actual travel.

Available Seat Mile (ASM): The primary industry measure of passenger airline capacity, which is calculated by multiplying the number of aircraft miles flown by the number of available seats on the aircraft.

Cost per Available Seat Mile (CASM): The primary measure of unit cost, which is calculated by dividing total operating expenses incurred during a relevant period by the aggregate number of ASMs produced during that same period.

Core Passenger Revenue: Includes all direct ticket revenue, fees and service charges generated by the Debtors with respect to mainline passenger transportation.

Regional Affiliates Passenger Revenue: Includes all ticket revenue, fees and service charges generated by the Debtors with respect to passenger transportation by the Debtors' United Express operations.

Mainline Passenger Revenue: Mainline Passenger Revenue is the sum of Core Passenger Revenue and Marketing Programs Passenger Revenue.

Mainline Passenger Revenue per Available Seat Mile (PRASM): The primary measure of passenger unit revenue, which is calculated by dividing Mainline Passenger Revenue generated during a relevant period by the aggregate number of mainline ASMs produced during that same time period.

Maintenance Materials: One component of aircraft maintenance, this includes the parts and expendable materials used during maintenance of aircraft.

Marketing Programs Passenger Revenue: Certain revenues recognized as Passenger Revenue (as defined below), through the Mileage Plus Program and other ancillary marketing programs. Accounting rules call for a portion of total Marketing Program Passenger Revenue to be recognized as Passenger Revenue and the remainder to be recognized as Other Revenues (as discussed below).

Passenger Revenue: Passenger Revenue is the sum of Mainline Passenger Revenue and Regional Affiliates Passenger Revenue.

Purchased Maintenance: One component of aircraft maintenance, this includes outsourced maintenance services purchased from domestic and international third-parties.

Regional Affiliate Expense: The Debtors' United Express operation contracts with various air carriers to provide regional feeder service, using regional jet and turboprop aircraft, to support United's mainline "hub-and-spoke" network. Regional Affiliate Expense includes the capacity-based fees paid to these carriers, performance-based operating margin fees, and certain pass-through expenses such as fuel. In addition, direct costs for distribution and labor incurred by United, but related to United Express operations are allocated to Regional Affiliate Expense.

Projected Consolidated Income Statement Assumptions

Operating Revenues

Passenger Revenue: The Debtors anticipate total Passenger Revenue of \$15.0 billion for 2005, an increase of 4.8% over 2004, driven mostly by the Debtors' strategy to shift capacity from domestic to international markets and industry-wide fare increases. Over the Projection Period, Passenger Revenue is projected to increase by \$2.3 billion, such that Passenger Revenue in 2010 is projected to be \$17.3 billion, a compound annual growth rate of 2.8%. This increase includes a \$1.8 billion increase in Mainline Passenger Revenues and a \$0.5 billion increase in Regional Affiliates Passenger Revenues (United Express), the two components that comprise Passenger Revenue. In 2006, the capacities for both Mainline and United Express are expected to increase 0.6% and 4.7% respectively, and remain flat thereafter.

A. Mainline Passenger Revenue

Mainline Passenger Revenue³ includes two components: (i) Core Passenger Revenue (the primary component being revenue associated with the direct sale of transportation to consumers) and (ii) Marketing Programs Passenger Revenue (certain revenues associated with marketing programs).

³ Historic Passenger Revenue in the Projected Income Statement has been adjusted to be consistent with (i) a change in accounting with respect to Marketing Programs Passenger Revenue, as disclosed in Item 1 of UAL's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 under the heading "UAL Loyalty Services, LLC," and (ii) treat charter revenues as "Other Revenues" in the Projections. As a result, the individual components of Operating Revenues in the Projected Income Statement for 2002 through 2004 do not track to the 10-Ks issued for those years.

(i) Core Passenger Revenues

During the ten years from 1990 through 2000, the compound average growth rate for industry Core Passenger Revenue per ASM was 2.1%. The Debtors believe this period is the most representative of the industry, including rapid low cost carrier growth and both expansion and recessionary periods. In contrast, 2001 through 2003 are not considered representative given the impacts of the September 11th terrorist attacks, the wars in Afghanistan and Iraq, and the SARS outbreak. The Debtors believe that continued high fuel prices will lead to industry fare increases that would drive revenue growth above the 2.1% historic growth rate. However, the Debtors are taking a conservative approach by basing the Projections on the historic 2.1% growth rate and not including this fuel price effect on revenue.

In 2004, industry annual PRASM growth was 3.4%, and the Debtors outperformed the industry with PRASM growth of 3.9%.

With the Debtors' success in shifting capacity to international markets, industry fare increases, and growth in marketing program revenue, the Debtors believe their 2005 Mainline PRASM will increase by 5.2% over 2004 with the Core Passenger Revenue component of PRASM expected to increase by 5.1%.

In 2006, the Debtors believe they will benefit from slower growth of their Mainline capacity, 0.6%, as compared to the expected 3.0% industry growth. The Debtors are conservatively projecting Core Passenger Revenue per ASM growth of 2.6% – approximately half the 2005 growth rate.

From 2007 through 2010, the Debtors' annual Core Passenger Revenue per ASM growth rates are expected to be at essentially the industry historic norms cited earlier (2.2% for both 2007-08 and 2.1% for 2009-10).

(ii) Marketing Programs Passenger Revenue

Marketing Programs Passenger Revenue, primarily the sale of Mileage Plus miles to third-parties (e.g. car, hotel, credit card, and other partners), is expected to grow at higher annual rates than Core Passenger Revenue, however, it represents only a small portion of annual Mainline Passenger Revenue during the Projection Period.

B. Regional Affiliates Passenger Revenues (United Express)

Driven by large capacity additions, United Express revenue grew by over 26% in 2004 and is on track to grow by 23% in 2005. United Express capacity additions will slow from 22% in 2005 to 5% in 2006 and will be essentially flat from 2007 through 2010. Accordingly, United Express' revenue is expected to experience slower growth rates in 2006 and 2007. United Express' year-over-year capacity increase in 2006 is primarily driven by the replacement of a number of 50-seat regional jets with 70-seat regional jets. United Express revenue is expected to grow by 8% in 2006, 5% in 2007, and roughly 2% from 2008 through 2010.

United Cargo: The Debtors provide freight and mail transportation using available cargo space on their passenger aircraft. Revenue forecasts are developed based on volume and yield growth assumptions for the freight and mail businesses. After optimizing these operations in 2005 and 2006, modest growth in cargo revenues is anticipated over the Projection Period, given that no fleet/capacity growth is assumed in the Projections.

UAFC: United Aviation Fuels Corporation (“UAFC”) conducts certain jet fuel trading and re-selling on behalf of United. UAFC operates on essentially a break-even basis and no growth is anticipated over the Projection Period.

Other Revenues: The Debtors operate various lines of business related to their core scheduled passenger service operation, including Mileage Plus, Red Carpet Clubs, in-flight sales (food, liquor, duty-free), and the sale of maintenance, ground handling and training services and charter operations. From 2003 to 2004, the Other Revenues grew by 11% and are on track for 11% growth in 2005. Other Revenues are projected to experience moderately higher growth of 15% in both 2006 and 2007, remain flat in 2008, and grow at 3% and 6% in 2009 and 2010, respectively. Growth forecasts for these various operations are driven by existing contractual agreements, management expectations for newly launched business lines, and inflationary growth.

Operating Expenses

Salaries and related costs: During the post-petition period, the Debtors renegotiated their collective bargaining agreements (“CBAs”), and instituted wage and benefit reductions with respect to salaried and management employees (“SAM”). The renegotiated CBAs and SAM reductions allow the Reorganized Debtors to achieve an estimated average annual expense savings of approximately \$3.2 billion during the Projection Period. These savings estimates include contractual and inflationary cost increases that would have otherwise occurred through 2010. Labor costs are projected to be the Debtors’ single largest expense, representing 27% of annual Mainline operating expenses during the Projection Period. These expenses are forecast based on anticipated operating levels, the impact of ongoing initiatives to improve productivity, the terms of the Debtors’ CBAs, and the reductions in wages and benefits for SAM employees. During the Projection Period, average annual wage rates are projected to increase between approximately 0% and 2.5% per year, with a compound annual growth rate of 1.6%, in accordance with each of the respective CBAs, which have amendable dates of December 2009 through January 2010. During the post-petition period, the Debtors also restructured their post retirement benefits under §1114 of the Bankruptcy Code, which aligned benefits of their older retirees with those of their more recent retirees. The Projections also include profit sharing for all employees of up to 15% of pre-tax profits.

In addition, all of the Debtors’ domestic defined benefit pension plans have been, or will be, terminated and assumed by PBGC. The Debtors have negotiated replacement defined contribution retirement plans with all of their labor groups, with the exception of their flight attendants. The replacement defined contribution plan expenses vary between approximately 4% and 7% annually, of applicable wages, on average. Accruals for the defined contribution plans commence at different points, depending on the terms of the various CBAs, starting with the pilots on June 1, 2005. The Projections assume a defined contribution plan for the flight

attendants beginning February 1, 2006. The actual starting date of the contributions could be earlier or later depending on when the AFA leadership negotiates a replacement plan, which negotiations may impact the assumed participation by the flight attendants in the profit sharing noted above.

Through the above restructuring efforts, the Debtors reduced total labor cost from \$7 billion in 2002 to \$5 billion in 2004. By the end of 2005, the Debtors will achieve the majority of the savings from their final round of CBA negotiations and SAM wage and benefit reductions, lowering labor cost by another \$874 million compared to 2004. In 2006 and 2007, labor cost, excluding profit sharing, will further decrease, but to a lesser extent, reflecting full year savings from pension termination and replacement, and additional productivity improvements. Labor cost will begin to grow in 2008 driven by inflationary and contractual increases. The Projections also include estimates for annual profit sharing payments from 2006 through 2010.

Aircraft Fuel: Fuel for Mainline operations is projected to be the Debtors' second largest expense. Fuel costs have increased significantly over the last eighteen months and remain highly volatile. Recent volatility in oil prices has made efforts to forecast long-term oil costs challenging. While the forward curve would suggest oil prices above \$60 per barrel over the Projection Period, it is inconsistent with most other forecasts, including those from PIRA Energy Group, Global Insights (formerly WEFA), and from Wall Street sell-side oil analysts, which forecasts suggest an average oil price during the Projection Period in the mid-\$40s to \$50 per barrel (which is still above historical levels). Accordingly, the Projections assume an oil price of \$50 per barrel, as a reasonable estimate, resulting in a cost for jet fuel of \$1.478 per gallon, during the Projection Period. This estimate represents a historically high fuel cost throughout the Projection Period. While the Debtors currently have no fuel hedges in place for 2006 and beyond, the Projections incorporate \$150 million per year in expenses for future hedging activities to lock in as much of its fuel needs at \$50 per barrel as possible.

The Debtors further believe that if long-term oil prices are significantly higher than are contemplated today, they will drive industry fare increases or structural changes, such as capacity reductions. Reported hedge positions, as stated by the domestic carriers in August 2005, show that U.S. carriers have, in the aggregate, less than 10% of their collective 2006 capacity hedged for oil prices above \$50 per barrel. Carriers have stated that sustained high oil prices will cause the industry to raise fares – as is occurring in 2005. The Debtors believe that the reorganized operations will allow the Reorganized Debtors to be fully competitive with the major network carriers in the face of higher fuel prices.

Aircraft Rent: Aircraft Rent reflects the operating expense associated with the Debtors' aircraft financed under operating leases. In addition, the Debtors operate various aircraft under debt financing and capital lease structures. Expenses related to these aircraft are reflected in depreciation and interest expense, which includes debt discount amortization, where applicable. During the post-petition period, the Debtors reduced their aircraft related obligations by rejecting certain aircraft leases, abandoning certain mortgaged aircraft, and renegotiating restructured aircraft obligations for the retained aircraft.

Regarding privately held aircraft financing transactions, the Debtors have successfully restructured all of their obligations by: (a) modifying existing lease agreements, (b) entering into

new aircraft lease agreements, or (c) converting mortgages to leases. Monthly rental rates included in the Projections for the Projection Period represent a significant reduction in the pre-negotiated contract rates and are comparable with current market rates.

With respect to publicly held aircraft financing transactions (including various debt, capital lease and operating lease structures), the Debtors have completed negotiations and reached agreements-in-principle with the holders of all public aircraft debt except the 1997-1 Enhanced Equipment Trust Certificate Transaction ("1997-1 EETC Transaction"). The agreements-in-principle are subject to approval by the Bankruptcy Court. The Debtors have filed a motion seeking Court approval, which motion will be heard on September 27. The agreements-in-principle include the purchase of six B767s for which the debtors are negotiating refinancing in the form of a sale-leaseback transaction, similar to four B767s previously acquired in July 2005. The Projections incorporate the annual impact of the agreements-in-principle.

With respect to the 1997-1 EETC Transaction, which covers 14 aircraft, the Debtors are currently negotiating the purchase price of the A certificates, having already purchased the B & C certificates. If the Debtors are unable to negotiate the purchase price, they expect to reach a litigated resolution. Upon acquiring the A certificates, the Debtors anticipate refinancing the 14 aircraft securing the 1997-1 EETC Transaction.

Amortization of deferred gains reduced rent expense by approximately \$115 million in 2004 and an estimated \$72 million in 2005, however, as a result of fresh start reporting, deferred gains on various historic sale-leaseback transactions are eliminated during the Projection Period. In addition, fresh start reporting also requires that the Debtors' operating leases be recorded at fair value. This results in the creation of a deferred asset to be amortized over the remaining life of the effected operating leases, increasing aircraft rent over the Projection Period by an aggregate \$43 million on a non-cash basis.

Landing Fees and Other Rent: The Debtors lease various airport and non-airport facilities for which they incur rent expenses and municipal bond servicing costs. The Projections reflect savings resulting from the planned restructuring of various municipal bond obligations and the Debtors' ongoing efforts to optimize their use of real estate. In addition, the Debtors currently are seeking to re-characterize certain municipal bond obligations as debt financings rather than leases, which would allow the Debtors to classify certain portions of such obligations as unsecured debt in the Plan. However, the Projections conservatively assume that the municipal bond obligations will be treated as leases and not be re-characterized as debt financings. Landing fees are incurred as a function of arrivals/departures, aircraft weight, and rates established by the various airports served by United. The Projections anticipate a 5.2% average annual increase in landing fees during the Projection Period as a result of expected increases in rates charged by the various airports served by the Debtors.

Aircraft Maintenance: The Debtors' current restructured CBAs have enabled the Debtors to outsource all heavy airframe maintenance, low-tech component piece parts and certain engine maintenance activities. Outsourcing of these non-core maintenance activities drives significant operating expense savings over the Projection Period as compared to expected costs absent such outsourcing. Although reported aircraft maintenance expense (which includes only Maintenance Material and Purchased Maintenance) increased from \$560 million in 2002 to

an estimated \$873 million in 2005, the Debtors achieved significant savings in maintenance labor and other expenses, and reduced maintenance headcount by over 5,800 or 45% by July 2005. Beyond 2005, inflationary price increases, additional outsourcing activities allowed by the CBAs, and incremental maintenance requirements drive increases in aggregate Maintenance Materials and Purchased Maintenance expenses over the Projection Period. Year-to-year changes over this period also occur as a result of fluctuations in the volume of required maintenance.

Regional Affiliates Expenses: Expenses incurred by the Debtors for their independent regional carriers includes a base fee, a performance adjusted margin, and certain “pass through” expenses including fuel. The base fee is calculated based on contractual rates per various unit measures of capacity. In addition, certain distribution and direct labor costs incurred by the Debtors are allocated to Regional Affiliates Expenses.

The Debtors have extensively restructured their contractual agreements with their regional carriers during the post-petition period, reducing the associated fees, limiting fee growth, and optimizing the fleet. The Debtors’ management believes that, as a result, the Debtors have among the most favorable regional affiliate contracts in the industry. In addition, increasing the size of the 70-seat regional jet fleet will improve the unit cost profile. Given these contracts and the assumed fuel environment discussed above, the Debtors project Regional Affiliates Expenses to remain below the expense forecast for 2005 throughout the Projection Period. Coupled with growth in United Express revenues, contribution from these operations is forecast to improve during the Projection Period. The Debtors have forecast an \$85 million contribution from United Express by 2010, as compared to a negative \$448 million contribution in 2005.

Depreciation and Amortization: The Projections include depreciation on a straight-line basis over the estimated remaining useful life of the fixed assets. The estimated remaining useful life varies between less than one year and over twenty-seven years depending on the specific fixed asset. As discussed below, the Debtors have a variety of intangible assets for which they recognize amortization expense in the Projections. No amortization expense is recognized in the Projections with respect to intangible assets with an indefinite life. These amounts of depreciation and amortization expenses are based upon the estimated fair values of these assets reflecting the impact of the adoption of fresh start reporting on the Effective Date, as discussed below. The adoption of fresh start reporting causes these non-cash expenses to decrease by a net \$54 million annually, on average, over the Projection Period. In addition, the Projections also reflect the impact of increasing capital spending over the Projection Period.

UAFC: These expenses reflect the “pass through” nature of the remaining UAFC activities and are forecast to remain essentially flat over the Projection Period along with the associated revenues. Because these expenses are unrelated to generating Debtors’ operating capacity, they are excluded from the Debtors’ calculation of unit cost measures.

Other Expenses: Other Expenses are comprised of selling food and beverage, communications, utilities, and purchased services expenses. In addition, expenses associated with providing services to third parties (i.e. maintenance, ground handling and training services), as well as other ancillary businesses such as the Red Carpet Clubs, are included in Other Expenses. These expenses tend to vary with the size of the related activities and inflation. However, as a result of the Debtors' ongoing cost control efforts, aggregate Other Expenses are forecast to increase at a lower rate than inflation during the Projection Period. As part of these ongoing cost control efforts, management believes significant benefits will be derived throughout United's operations by reducing aircraft turn times, reducing actual block time performance, expanded de-peaking of hubs and major stations, and reengineering the use of airport facilities.

Income Taxes: The Debtors assume a statutory tax rate of 37% throughout the Projection Period. The Debtors anticipate approximately \$8.1 billion of net operating loss carry-forwards ("NOLs") as of the Effective Date available for use by the Reorganized Debtors during the Projection Period. The Projections assume utilization of these NOLs, subject to statutory limitations, significantly reducing the Debtors' cash burden with respect to the payment of income taxes. Application of alternative minimum tax requirements results in minor cash tax payments during the Projection Period.

Projected Consolidated Balance Sheet Assumptions

Working Capital: Working capital is comprised of restricted cash, receivables, aircraft fuel, spare parts, supplies, accrued and prepaid assets, accounts payable, advance ticket sales and other accrued liabilities. Working capital balances are impacted by Plan transactions as highlighted on the Projected Fresh Start Balance Sheet. Further, the Debtors are currently negotiating a replacement merchant agreement for Visa and MasterCard processing to replace their current agreement, which expires in January 2006, and have included anticipated holdback requirements in the Projections as restricted cash. Otherwise, working capital balances are generally consistent with historical levels.

Operating property and equipment: The Projections include a \$2.4 billion reduction in the value of these fixed assets as a result of fresh start reporting, as highlighted in the Projected Fresh Start Balance Sheet. Although the Projections assume that the Debtors will not acquire additional aircraft, the Projections anticipate capital expenditures of between \$400 million and \$850 million per year in order to support the Debtors' operations. Key areas for investment include spare parts and engines, facilities, information technology, aircraft improvements, maintenance equipment, and ground support equipment.

Intangible Assets: The Debtors own certain international route authorities, as well as other identified intangible assets such as their Mileage Plus membership and trade names to which they will ascribe an aggregate value of \$4.0 billion on their balance sheet as of the Effective Date. This value includes a \$3.6 billion adjustment related to fresh start reporting, as discussed below under *Fresh Start Adjustments*.

Capital Structure: The Debtors' long-term debt structure is assumed to be as follows:

- (i) **New Credit Facility:** The Projections assume 100% debt financing in the amount of \$2.5 billion. The Debtors have not completed negotiations for a New Credit Facility. However, the Debtors' management believes that, based on proposals received to date and currently being negotiated, the assumptions included in the Projections for the New Credit Facility are likely to be representative of the New Credit Facility ultimately achieved. The Debtors anticipate that the New Credit Facility will have a 5 year final maturity, require \$100 million in annual principal repayments, and will carry a floating interest rate equal to LIBOR + 450 basis points. The Debtors further anticipate that the New Credit Facility will be secured by a first lien on substantially all unencumbered assets of the Debtors which currently secure the DIP Facility. Covenants are anticipated to include minimum liquidity requirements, annual capital expenditure limitations, minimum collateral value to loan ratio, and a minimum EBITDAR requirement. The primary use of the New Credit Facility will be to retire the DIP Facility, consummate the Plan, and provide incremental liquidity.
- (ii) **DIP Facility:** The existing DIP Facility is comprised of a tranche A term loan and a tranche B revolver with an aggregate commitment of \$1.3 billion. The estimated then outstanding balance of \$1.1 billion will be paid on the Effective Date using funds provided from the New Credit Facility. In addition, the Debtors have negotiated a tranche C to the DIP Facility to provide interim financing for the purchase of 1997-1 EETC Transaction A certificates (see *Operating Expenses -Aircraft Rent* above). The Debtors anticipate refinancing this interim financing prior to or on the Effective Date.
- (iii) **Aircraft Debt:** The Debtors historically financed portions of its aircraft fleet with various publicly and privately held mortgage and capital lease transactions, the restructuring of which the Debtors have substantially completed and have reflected in the Projections. Pending approval of the agreements-in-principle with holders of the publicly held transactions, only the 1997-1 EETC Transaction, covering 14 aircraft, remains to be resolved. Pending completion of these negotiations and on the assumption of a permanent refinancing, the Projections assume the 1997-1 EETC Transaction A certificates remain in liabilities subject to compromise and are reclassified as aircraft debt on the Effective Date.
- (iv) **New UAL Debt Securities:** Pursuant to the Plan, the Debtors are extinguishing approximately \$735 million of various pre-petition unsecured senior notes and other securities, currently classified as liabilities subject to compromise. However, also pursuant to the Plan, the Debtors anticipate issuing \$1,359 million of new unsecured notes and other securities in satisfaction of claims

pursuant to the labor cost restructuring, the PBGC Settlement Agreement, and the settlement with Chicago Municipal Bond holders (together, the “New UAL Debt Securities”).⁴ The specific terms associated with the various New UAL Debt Securities, including conversion rights, vary between issuances (see Article IV.E of the Disclosure Statement for additional details). These New UAL Debt Securities generally require minimal cash outlays over the Projection Period.

The Debtors’ anticipate establishing the terms for (a) the \$150 million of New UAL O’Hare Bonds to be issued to the Chicago Municipal Bond holders, and (b) the \$709 million of New UAL Convertible Employee Notes to be issued to employees such that the issuances trade at par post-emergence. Accordingly, no discount is incorporated in the Projections with respect to these securities. The Projections include management’s estimate for the terms associated with these debt obligations, which include no amortization payments during the Projection Period.

The debt securities to be issued pursuant to the PBGC Settlement Agreement include \$500 million of 6% senior subordinated notes (New UAL Senior Notes) and up to \$500 million of 8% contingent notes (New UAL Contingent Senior Notes). As discussed further below, the Debtors will adopt fresh start reporting upon emergence from Chapter 11 and will record the carrying amounts of its debt at present values of amounts to be paid at estimated market interest rates. As a result, the Projections include a \$223 million discount associated with the PBGC New UAL Senior Notes that will be amortized to interest expense in future periods. The terms of the New UAL Senior Notes provide for no amortization payments and for interest to be paid-in-kind during the Projection Period. The Projections do not include the PBGC New UAL Contingent Senior Notes since the performance levels required to trigger issuance of such notes are not projected to be achieved during the Projection Period.

- (v) Convertible Preferred Stock. In addition to the New UAL Senior Notes and the New UAL Contingent Senior Notes, the Debtors will issue \$500 million face value of convertible preferred stock to PBGC in accordance with the PBGC Settlement Agreement. This convertible preferred stock is convertible into common stock of the Reorganized Debtors. The 2% annual dividends associated with this preferred stock are paid in-kind and do not impact the income statement. The Reorganized Debtors have recorded this convertible preferred stock at its estimated fair market value. Class IAM Junior Preferred Stock and Class Pilot MEC Junior Preferred Stock are also set to be issued pursuant to the Plan, however, these are voting securities to which no value is attributable.

⁴ The following debt securities are being issued pursuant to the Plan: (a) New UAL Contingent Senior Notes, (b) New UAL Convertible Employee Notes, (c) New UAL O’Hare Bonds, and (d) New UAL Senior Notes.

- (vi) Common Equity. As discussed below, fresh start reporting results in a common equity value derived in part from the estimated enterprise value of the Reorganized Debtors. The Debtors have estimated a common equity value for the Reorganized Debtors of \$1.9 billion. To the extent the Debtors commence a Rights Offering as discussed in the Plan, the proceeds would be incremental to the \$1.9 billion estimated common equity value and would provide additional liquidity to the Debtors. No assumptions regarding a Rights Offering have been included in the Projections.

Projected Consolidated Cash Flow Assumptions

Cash Flow From Operating Activities: Cash flow from operating activities is projected to increase from a \$1.1 billion cash outflow in 2002 to \$2.6 billion cash inflow by 2010, for aggregate cash produced from operating activities during the Projection Period of \$9.8 billion. Improved cash flow is a result of, among other things, the following: (a) reductions in personnel costs from the labor restructuring, (b) termination and replacement of all four defined benefit pension plans, (c) reductions in aircraft rents, (d) improved contribution from United Express resulting from the contract and fleet restructuring, (e) concessions from various vendors, and (f) various business process re-engineering initiatives, all coupled with the projected growth in revenue throughout the Projection Period.

Cash Flow From Investing Activities: Cash flow from investing activities is projected to use cash totaling \$3.4 billion over the Projection Period. This reflects capital expenditures of between \$400 million and \$850 million per year, and a net decrease of \$335 million in restricted cash.

Cash Flow From Financing Activities: The Projections anticipate the use of \$6.2 billion, excluding the initial funding of the New Credit Facility and repayment of the DIP Facility, during the Projection Period to (a) meet required principle payments related to its aircraft debt, and (b) repay the New Credit Facility in full. The Debtors anticipate no cash proceeds during the Projection Period from the issuance of indebtedness.

Fresh-Start -- Projected Consolidated Balance Sheet Assumptions

Fresh start reporting adjustments have been made to reflect the estimated adjustments necessary to adopt 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* ("SOP 90-7"). Fresh start reporting requires an allocation of the reorganization value of the Reorganized Debtors to the entity's assets in conformity with Statement of Financial Accounting Standards No. 141, *Business Combinations*. As stated above, the Projections reflect the assets and liabilities of the Debtors as of the Effective Date at their estimated fair market value. Fresh start reporting also requires that all liabilities, other than deferred taxes, should be stated at present values of the amounts to be paid determined at appropriate market interest rates.

The balance sheet adjustments set forth in the Projected Fresh Start Balance Sheet in the columns captioned *Release of Escrowed Funds*, *Debt Discharge & Reclassifications*, *New Credit Facility Financing Transactions*, and *Fresh Start Adjustments* reflect the assumed effect of Confirmation and the consummation of the transactions contemplated by the Plan, including the settlement of various liabilities and securities issuances, incurrence of new indebtedness, and cash payments as more thoroughly described in Article III of the Plan. Below, the Debtors highlight certain assumptions that were made in one or more of the aforementioned columns.

Release of Escrowed Funds

In the *Release of Escrowed Funds* column, \$318 million of cash currently restricted by certain of the Debtors' credit card processors, as well as \$200 million of tax escrows currently recorded as other assets, are released to unrestricted cash. While these transactions are triggered by the Debtors' emergence on the Effective Date and are accordingly shown as exit transactions, actual receipt of this cash may be delayed due to administrative requirements.

Debt Discharge & Reclassifications

In the *Debt Discharge & Reclassifications* column, certain of the items included in *Liabilities Subject to Compromise* are reclassified to their appropriate balance sheet account, and other liabilities are recognized in the Projected Fresh Start Balance Sheet in accordance with the terms of the Plan. Along with other creditor claims accumulated through the bankruptcy proceeding (e.g. by the rejection of aircraft, etc.), the Projections include claims related to the Debtors' defined benefit pension plans as *Liabilities Subject to Compromise* and are included in liabilities discharged at exit. At this time, the Debtors expect *Liabilities Subject to Compromise* to be approximately \$17 billion immediately before emergence from Chapter 11, of which (a) \$6.0 billion will be reclassified as Aircraft Debt, (b) \$1.1 billion will be reclassified as New UAL Debt Securities as a result of the issuance of the New UAL Debt Securities, (c) \$0.4 billion will be reclassified as convertible preferred stock, (d) \$0.2 billion will be reclassified as accrued and other current liabilities, and (e) \$0.3 billion will be written-down due to the adoption of fresh start reporting. The remaining net balance of \$8.9 billion in the *Liabilities Subject To Compromise* will be discharged. As part of the discharge process, a gain on extinguishment of debt will be recorded on the income statement as a non-cash item and is the primary reason the Debtors expect to record \$10.4 billion in net income while reporting a \$916 million operating profit in 2006. This non-cash gain does not represent new resources available to the Reorganized Debtor for its use. The increasing strength of the Debtors' estates is best interpreted by examining the progression of operating earnings from the historic through the Projection Period.

Fresh Start Adjustments

The fresh start reporting anticipates that the fair value of the Debtors' assets exceeds reorganization value. This excess was allocated on a *pro rata* basis to reduce the fair value of operating property and equipment, identified intangible assets, and other assets which are not financial, deferred tax or pension assets.

The significant fresh start reporting adjustments reflected in the Projections are summarized as follows:

- (i) **Current Assets:** The Debtors anticipate that their current assets are reflected at current market value. As a result, no fresh start adjustment has been included in the Projections for these assets.
- (ii) **Operating property and equipment, net:** A fresh start adjustment of approximately \$2.4 billion was made to reduce the values of the fixed assets to their estimated fair market value and also reflects a pro-rata allocation of the excess of fair value of these assets to reorganization value.
- (iii) **Intangibles Assets:** A fresh start adjustment of approximately \$3.6 billion was made to allocate reorganization value to identified intangible assets. These intangible assets reflect the estimated fair market value of the Debtors' domestic slots, international route authorities, and Mileage Plus customer database, as well as various other identified intangible assets. The recorded value of these identified intangible assets also reflects a *pro rata* allocation of the excess of fair value of these assets to reorganization value. Certain of these assets, such as the international route authorities, are expected to have an indefinite estimated remaining life as they are considered renewable intangible assets and, therefore, have no associated amortization forecast as a result. The carrying value of these indefinite lived assets will be subject to annual impairment review under Statement of Financial Accounting No. 142 *Goodwill and Other Intangible Assets*. The various remaining intangible assets have estimated useful lives ranging from two years to nine years over which the assets are amortized.
- (iv) **Liabilities Subject to Compromise:** An adjustment of approximately (a) \$8.9 billion was made to record the discharge of indebtedness pursuant to the Plan, and (b) \$0.3 billion to recognize certain reinstated Aircraft Debt at market rates. The payment for convenience class creditors, accrued expenses, short term and long term debt, deferred gains and other liabilities is also discussed in Article III of the Plan. In addition, \$6.2 billion of long-term debt, accrued expenses and other current liabilities are being reclassified to their appropriate balance sheet accounts, and \$1.5 billion of new debt and preferred stock securities are being issued in satisfaction of claims.
- (v) **Post Retirement Liabilities:** A fresh start adjustment of \$50 million was made to record unrecognized projected benefit liabilities, prior service costs and unrecognized gains/losses.
- (vi) **Total Stockholders Equity (Deficit):** Adopting fresh start reporting results in a new reporting entity with no retained earnings or deficit. All pre-existing common stock is removed and replaced by the new equity structure based on Article III of the Plan. The fresh start adjustments include an initial shareholders' common equity value determined by subtracting the re-valued liabilities and newly issued preferred stock of the Debtors' from the estimated enterprise value of the Reorganized Debtors.

UAL Corporation
Projected Income Statement
(\$ Millions)

	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Act/Proj</u> <u>2005</u>	<u>Projected</u> <u>2006</u>	<u>Projected</u> <u>2007</u>	<u>Projected</u> <u>2008</u>	<u>Projected</u> <u>2009</u>	<u>Projected</u> <u>2010</u>
Operating Revenue:									
Mainline Passenger	\$ 12,175	\$ 11,229	\$ 12,416	\$ 12,667	\$ 13,128	\$ 13,488	\$ 13,874	\$ 14,163	\$ 14,458
Regional Affiliates	1,281	1,529	1,931	2,370	2,556	2,672	2,736	2,785	2,844
Total Passenger Revenue	13,456	12,758	14,347	15,037	15,684	16,160	16,610	16,948	17,302
Cargo	673	630	704	735	750	766	778	783	789
UAFC	913	704	408	244	158	139	141	143	145
Other	780	838	932	1,032	1,191	1,371	1,370	1,417	1,509
Total Operating Revenue	15,822	14,928	16,391	17,048	17,783	18,436	18,898	19,290	19,746
Operating Expenses:									
Salaries and related costs	7,018	5,377	5,006	4,127	3,857	3,835	3,902	3,981	4,061
Profit Sharing	-	-	-	-	30	157	229	252	295
Aircraft Fuel	1,921	2,072	2,943	3,759	3,409	3,402	3,401	3,391	3,391
Aircraft Maintenance	560	572	747	873	966	1,030	1,036	1,110	1,168
Aircraft Rent	851	612	533	371	504	520	511	503	497
Landing Fees & Other Rent	1,021	930	964	957	1,021	1,044	1,089	1,146	1,198
Depreciation & Amortization	960	968	874	809	741	744	724	772	816
Regional Affiliates	1,621	1,921	2,425	2,818	2,654	2,674	2,704	2,736	2,759
UAFC	904	720	431	241	157	139	140	142	144
Other	3,654	3,090	3,322	3,390	3,528	3,524	3,502	3,563	3,650
Total Operating Expenses	18,510	16,262	17,245	17,343	16,867	17,070	17,239	17,597	17,980
Operating Income/(Expense)	(2,688)	(1,334)	(854)	(295)	916	1,366	1,659	1,694	1,766
Interest Income (Expense)	(505)	(469)	(423)	(428)	(545)	(507)	(420)	(330)	(175)
Other	154	449	157	59	(22)	(22)	(22)	(22)	(22)
Special Items	(149)	(277)	5	-	-	-	-	-	-
Reorganization Items	(10)	(1,173)	(611)	(3,003)	10,030	-	-	-	-
Pre-Tax Income	(3,198)	(2,804)	(1,726)	(3,667)	10,379	836	1,217	1,342	1,569
Income Tax Provision	-	-	-	0	0	(325)	(468)	(514)	(599)
Preferred Distributions/Equity in Affiliate Income	(14)	(4)	5	4	-	-	-	-	-
Net Income	(3,212)	(2,808)	(1,721)	(3,663)	10,379	510	749	827	969
Mainline Operating Statistics									
ASMs (millions)	148,693	135,815	144,481	140,062	140,856	140,856	141,237	140,856	140,856
Passenger RASM (¢/ASM)	8.19¢	8.27¢	8.59¢	9.04¢	9.32¢	9.58¢	9.82¢	10.05¢	10.26¢
Operating CASM less Fuel and UAFC (¢/ASM)	9.46¢	8.50¢	7.92¢	7.52¢	7.56¢	7.71¢	7.78¢	8.04¢	8.30¢

1 Historic Passenger Revenue in the Projected Income Statement has been adjusted to be consistent with (i) a change in accounting with respect to Marketing Programs Passenger Revenue, as disclosed in Item 1 of UAL's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 under the heading "UAL Loyalty Services, LLC," and (ii) treat charter revenues as "Other Revenues" in the Projections.

UAL Corporation
Projected Balance Sheet
(\$ Millions)

	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Act/Proj</u> <u>2005</u>	<u>Projected</u> <u>2006</u>	<u>Projected</u> <u>2007</u>	<u>Projected</u> <u>2008</u>	<u>Projected</u> <u>2009</u>	<u>Projected</u> <u>2010</u>
Assets									
Current Assets:									
Cash, cash equivalents, & ST investments	\$ 1,274	1,718	1,301	1,289	2,733	3,506	4,133	4,750	3,385
Restricted Cash	462	679	877	981	950	845	845	845	845
Receivables, net	1,114	929	951	932	956	995	1,017	1,038	1,059
Aircraft fuel, spare parts & supplies	310	264	234	232	230	234	238	242	247
Prepaid and Other Assets	219	434	551	523	588	587	585	581	579
Total Current Assets	<u>3,379</u>	<u>4,024</u>	<u>3,914</u>	<u>3,957</u>	<u>5,457</u>	<u>6,168</u>	<u>6,818</u>	<u>7,456</u>	<u>6,115</u>
Operating property and equipment	16,361	15,038	14,174	13,459	9,710	9,639	9,644	9,701	9,800
Pension assets	1,162	904	665	-	-	-	-	-	-
Other intangibles	412	406	399	374	3,869	3,450	3,371	3,292	3,228
Other assets	2,342	1,607	1,553	1,432	1,156	1,039	849	799	509
Total Other Assets	<u>20,277</u>	<u>17,955</u>	<u>16,791</u>	<u>15,265</u>	<u>14,735</u>	<u>14,128</u>	<u>13,864</u>	<u>13,793</u>	<u>13,536</u>
Total Assets	<u>\$ 23,656</u>	<u>\$ 21,979</u>	<u>\$ 20,705</u>	<u>\$ 19,222</u>	<u>\$ 20,193</u>	<u>\$ 20,296</u>	<u>\$ 20,683</u>	<u>\$ 21,249</u>	<u>\$ 19,651</u>
Liabilities & Equity									
Current Liabilities									
Accounts payable	\$ 284	\$ 501	\$ 601	462	485	499	516	532	548
DIP Loan Facility	-	663	864	1,132	-	-	-	-	-
Advance ticket sales	1,021	1,330	1,361	1,532	1,578	1,619	1,659	1,689	1,724
Accrued & Other Current Liabilities	2,686	3,618	3,635	2,522	2,538	2,683	2,679	2,736	2,803
Total Current Liabilities	<u>3,991</u>	<u>6,112</u>	<u>6,461</u>	<u>5,648</u>	<u>4,601</u>	<u>4,801</u>	<u>4,853</u>	<u>4,957</u>	<u>5,075</u>
Deferred pension liabilities	4,661	4,747	2,333	165	115	126	135	144	152
Post retirement liabilities	1,809	1,924	1,920	2,050	2,161	2,165	2,172	2,179	2,186
Exit Financing	-	-	-	-	2,400	2,300	2,200	2,100	-
Aircraft Debt	-	-	-	-	5,444	4,850	4,030	3,219	2,012
Other Debt	700	163	301	-	1,159	1,196	1,239	1,284	1,330
Liabilities subject to compromise	13,833	13,964	16,035	17,847	-	-	-	-	-
Deferred tax liabilities	249	285	369	249	249	266	711	1,196	1,758
Other liabilities	894	700	946	1,295	1,294	1,294	1,294	1,294	1,294
Total Liabilities	<u>26,137</u>	<u>27,895</u>	<u>28,385</u>	<u>27,253</u>	<u>17,423</u>	<u>16,998</u>	<u>16,635</u>	<u>16,374</u>	<u>13,807</u>
Equity									
Preferred Stock	-	-	-	-	409	419	430	440	451
Treasury Stock	(1,472)	(1,469)	(1,468)	(1,468)	-	-	-	-	-
Common Stock and APIC	5,071	5,068	5,065	5,065	2,360	2,878	3,617	4,434	5,392
Retained Earnings and Other Comprehensive Losses	(6,080)	(9,515)	(11,277)	(11,628)	-	-	-	-	-
Total Shareholders' Equity (Deficit)	<u>(2,481)</u>	<u>(5,916)</u>	<u>(7,680)</u>	<u>(8,031)</u>	<u>2,769</u>	<u>3,298</u>	<u>4,047</u>	<u>4,874</u>	<u>5,843</u>
Total Liabilities & Shareholders' Equity	<u>\$ 23,656</u>	<u>\$ 21,979</u>	<u>\$ 20,705</u>	<u>\$ 19,222</u>	<u>\$ 20,193</u>	<u>\$ 20,296</u>	<u>\$ 20,683</u>	<u>\$ 21,249</u>	<u>\$ 19,651</u>

UAL Corporation
Projected Statement of Cash Flows
(\$ Millions)

	Actual <u>2002</u>	Actual <u>2003</u>	Actual <u>2004</u>	Act/Proj <u>2005</u>	Projected <u>2006</u>	Projected <u>2007</u>	Projected <u>2008</u>	Projected <u>2009</u>	Projected <u>2010</u>
Cash Provided By/(Used For) Operations									
Net Income	(\$3,212)	(\$2,808)	(\$1,721)	(\$3,663)	\$10,379	\$510	\$749	\$827	\$969
Depreciation & Amortization	970	938	874	842	741	744	724	772	816
Deferred Tax Provision	580	275	5	(0)	(0)	313	445	485	562
Net Working Capital	(401)	842	350	416	(163)	205	62	119	131
Other	924	1,572	443	2,783	(9,954)	116	110	97	77
Net Cash Provided By (Used In) Operating Activities	(1,139)	819	(49)	378	1,003	1,889	2,091	2,300	2,555

Cash Flow From Investing Activities:

Sales/(Additions to) operating property and equipment	207	(27)	(246)	(234)	(400)	(550)	(650)	(750)	(850)
Other	(688)	(12)	(76)	(98)	231	104	(0)	(0)	(0)
Net Cash Provided By (Used For) Investing Activities	(481)	(39)	(322)	(333)	(169)	(446)	(650)	(750)	(850)

Cash Flow From Financing Activities:

DIP Financing	700	(37)	200	269	(1,132)	-	-	-	-
Exit Facility	-	-	-	-	2,400	(100)	(100)	(100)	(2,100)
Other debt	(589)	(311)	(251)	(327)	(658)	(570)	(714)	(833)	(970)
Dividends paid	(7)	-	-	-	-	-	-	-	-
Payment of Liabilities Subject-To-Compromise	-	-	-	-	-	-	-	-	-
Issuance (Redemption) Of Common Stock	-	-	-	-	-	-	-	-	-
Issuance (Redemption) Of Preferred Stock	-	-	-	-	-	-	-	-	-
Other	162	12	5	-	-	-	-	-	-
Net Cash Provided By (Used For) Financing Activities	266	(336)	(46)	(58)	610	(670)	(814)	(933)	(3,070)

Net Increase (Decrease) in Unrestricted Cash & Equivalents

	(\$1,354)	\$444	(\$417)	(\$13)	\$1,444	\$773	\$626	\$617	(\$1,365)
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Unrestricted Cash & Equivalents At Beginning Of Period

	\$ 2,628	\$ 1,274	\$ 1,718	\$ 1,301	\$ 1,289	\$ 2,733	\$ 3,506	\$ 4,133	\$ 4,750
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Unrestricted Cash & Equivalents At End Of Period

	\$ 1,274	\$ 1,718	\$ 1,301	\$ 1,289	\$ 2,733	\$ 3,506	\$ 4,133	\$ 4,750	\$ 3,385
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UAL Corporation
Projected Fresh Start Balance Sheet
(\$ Millions)

Assets	Projected February 1, 2006	Release of Escrowed Funds	Debt Discharge & Reclassifications	New Credit Facility Financing Transactions	Fresh Start Adjustments	Reorganized February 1, 2006 Balance Sheet
Current Assets:						
Cash, cash equivalents, & ST investments	867	518	(39)	1,318	-	2,664
Restricted Cash	1,143	(318)	-	-	-	825
Receivables, net	921	-	-	-	-	921
Aircraft fuel, spare parts & supplies	227	-	-	-	-	227
Prepaid and Other Assets	572	-	-	-	-	572
Total Current Assets	3,730	200	(39)	1,318	-	5,209
Operating property and equipment	12,257	-	-	-	(2,351)	9,906
Pension assets	-	-	-	-	-	-
Other intangibles	395	-	-	-	3,589	3,983
Other assets	1,385	(200)	-	50	(1)	1,234
Total Other Assets	14,037	(200)	-	50	1,237	15,124
Total Assets	17,767	-	(39)	1,368	1,237	20,333
Liabilities & Stockholders' Equity						
Current Liabilities:						
Accounts Payable	478	-	-	-	-	478
DJP Loan Facility	1,132	-	-	(1,132)	-	-
Advance ticket sales	1,606	-	-	-	-	1,606
Accrued & Other Current Liabilities	2,409	-	151	-	-	2,560
Total Current Liabilities	5,625	-	151	(1,132)	-	4,644
Deferred Pension Liability	105	-	-	-	-	105
Post retirement liabilities	2,050	-	-	-	50	2,100
Exit Financing	-	-	-	2,500	-	2,500
Aircraft Debt	-	-	6,000	-	-	6,000
Other Debt	-	-	1,136	-	-	1,136
Liabilities subject to compromise	16,905	-	(16,585)	-	(320)	-
Deferred tax liabilities	249	-	-	-	-	249
Other liabilities	1,294	-	-	-	-	1,294
Total Liabilities	26,228	-	(9,298)	1,368	(269)	18,029
Stockholders' Equity:						
Debtors:						
Treasury Stock	(1,468)	-	-	-	1,468	-
Common Stock & APIC - Debtors	5,065	-	-	-	(5,065)	-
Retained deficit and other - Debtors	(12,058)	-	8,855	-	3,203	-
Reorganized Debtors	-	-	404	-	1,900	404
Convertible Preferred Stock	-	-	-	-	-	1,900
Common Stock & APIC - Reorganized Debtor	-	-	-	-	-	-
Retained Earnings	-	-	-	-	-	-
Total Liabilities & Stockholders' Equity	\$ 17,767	\$ -	\$ (39)	\$ 1,368	\$ 1,237	\$ 20,333