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United Announces Policy Changes to Support Strategic Recovery Plan

As you may know, United recently announced several policy changes aligned with current market conditions and overall corporate objectives. The following provides you with an overview of the changes to United's Mileage Plus customer upgrades, waiver policy, nonrefundable ticket policy and paper ticket fee policy. We thank you for your continued support during this difficult time.

Upgrades

In the fall, a number of changes will be implemented for United's Mileage Plus upgrade program.

- United is streamlining and simplifying the markets where customers can use their upgrades, giving them greater flexibility and ease of use across United's network. The number of upgrade award levels has been reduced to two (effective first quarter 2003).
- Internationally, United is simplifying the number of miles needed for Mileage Plus Award upgrades.
- As an added bonus for Premier members of United's award-winning Mileage Plus program, upgrade clearance policies will increase to 48 hours before departure, from 24 hours. All other upgrade clearances will follow existing time lines (effective first quarter 2003).
- The monetary purchase price and miles needed to purchase upgrades will be increased effective, Oct. 1, 2002 - the first increase since 1996. This will not affect the way that customers earn complimentary upgrades, or applicable booking codes.
- Over time, United will move to automate all customer upgrades, similar to previously announced e-ticket initiatives.

Additional information regarding United's upgrade program will be available through future communications from Mileage Plus and via the company's web site, www.united.com.

Mileage Plus Monetary Purchase Price:

Premiers, Premier Executives, 1Ks
Four, 500 Mile Upgrades -- \$200

General Members and other customers
Four, 500 Mile Upgrades -- \$325

Mileage Purchase Price:

Eight, 500-mile upgrades - 50,000 miles

Miles for North America Mileage Plus Award upgrades
Y/B Booking Codes - 8,000 miles
All other booking codes - 15,000 miles

Miles for International Mileage Plus award upgrades:
Y/B Booking Codes - 15,000 miles
C/M/H Booking Codes - 30,000 miles

Clearance Policies:

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| 1K | 100 hours before departure |
| Premier Exec | 72 hours |
| Premier | 48 hours (an improvement over the previous 24-hour policy) |
| General member/Non-member | 24 hours |

Waiver Policy

Due to the dramatic reduction in published fare levels and in support of the company's recovery plan, United has a renewed commitment to the integrity of our fare rules.

As a result, effective August 28, 2002, United will no longer allow waivers on fare rules, including, but not limited to:

- Advance purchase;
- Ticketing time limits;
- Minimum/maximum stay requirements;
- Administrative service charges; and
- Other requirements and tariff rules.

United will be enforcing these rules internally and throughout the corporate and travel agency community. The company will no longer be granting Fare Rule Waivers on any fare. This applies to North America and all International markets.

Nonrefundable Tickets

United recently announced two new policies for passengers using nonrefundable tickets purchased on or after September 6, 2002.

Effective worldwide for travel originating in the United States, Puerto Rico, U.S. Virgin Islands or Canada on or after October 1, 2002, any changes to nonrefundable tickets must be made on or before the departure date of each ticketed flight segment. The current change fee for these tickets remains the same. After the departure date, the ticket will have no value for travel or exchange.

Certain high-level non-refundable fares will retain the ability to make changes after the ticketed date of departure - these include:

ME101N ME141N

United will continue to allow passengers on domestic nonrefundable tickets to stand by for other flights on their ticketed day of departure through December 31, 2002. However, for tickets purchased on/after September 6 for travel on or after January 1, 2003, United will charge a \$100 standby fee for those wishing to stand by for an alternate flight on their ticketed day of departure. This fee applies only for travel within the United States, Puerto Rico, U.S. Virgin Islands and Canada. Regarding the fare basis codes listed above, the standby fee will apply.

Customers with domestic refundable tickets can continue to stand by on their ticketed day of departure without a standby fee.

Also, for tickets purchased prior to September 6, 2002, United will honor the fare rules in place at the time of purchase.

Paper Ticket Fee

As United continues to leverage technology to better serve its customers, the company recently announced that it will move to full electronic ticketing. United will stop issuing paper tickets within the United States by July 2003; the carrier plans to issue only electronic tickets for all eligible itineraries, at all locations - domestic and international - by January 2004.

Effective September 1, 2002, United's \$20.00 paper ticket fee will apply to all customer-requested paper tickets issued in the United States, U.S. Virgin Islands and Puerto Rico for e-ticket eligible itineraries. Previously, this fee did not apply to paper tickets issued by travel agencies. The fee applies for printing transactions, either at the time of original ticket issuance or upon request to convert existing electronic tickets to paper. Travel agents should collect this fee on a miscellaneous charges order (MCO). Government fares will be exempt from this fee.

For questions and answers relating to this policy, please refer to the GDS news pages, which will be updated as needed.

United truly appreciates your continued support.