

UAL ERISA Settlement Administrator
PO Box 4349
Portland, OR 97208-4349

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTH DISTRICT OF ILLINOIS
EASTERN DIVISION

JERRY R. SUMMERS,
GEORGE T. LENORMAND,
JEFFREY D. CRITES,
LOUISE VAN RENSBURG
and JAMES E. SHAMBO,

Case No. 03 C 1537

Plaintiffs,

Honorable Samuel
Der-Yeghiayan

v.

UAL CORPORATION ESOP
COMMITTEE, MARTY TORRES,
BARRY WILSON, DOUG WALSH,
IRA LEVY, DON CLEMENTS,
CRAIG MUSA, and STATE STREET
BANK & TRUST COMPANY,

Defendants.

NOTICE OF PENDENCY AND PARTIAL SETTLEMENT OF CLASS ACTION

TO: All persons who were participants in or beneficiaries of the UAL Corporation Employee Stock Ownership Plan (the "ESOP" or the "Plan") from July 19, 2001 through June 30, 2003.

If you fall within this group of persons, you are a "Settlement Class Member."

THIS NOTICE AND THIS LITIGATION DO NOT CONCERN ANY UAL PENSION PLAN, OR YOUR RIGHTS UNDER ANY UAL PENSION PLAN. This Notice and this litigation concern only the ESOP.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to orders issued by the United States District Court for the Northern District of Illinois, Eastern Division (the "Court"). This Notice serves to inform you of the proposed partial settlement of this class action lawsuit (the "Settlement") and the hearing (the "Fairness Hearing") to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement as forth in the Settlement Agreement among the Representative Plaintiffs and the UAL Corporation ESOP Committee and certain of its former members (the "Settling Defendants"), dated as of August 16, 2005 (the "Agreement"), on file with the Court. **THIS SETTLEMENT DOES NOT RELEASE OR OTHERWISE AFFECT ANY CLAIMS BY ANY PERSONS AGAINST STATE STREET BANK AND TRUST COMPANY, WHICH WAS THE TRUSTEE OF THE ESOP AND REMAINS AS A DEFENDANT IN THIS LITIGATION.** This Notice is intended to inform you how this Settlement may affect your rights and what steps you may take in relation to it. This Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the lawsuit.

WHAT IS THE MONETARY VALUE OF THE PARTIAL SETTLEMENT?

The Settlement will result in the creation of a cash settlement fund in the principal amount of \$5.25 million (the "Settlement Fund") which, subject to deduction for costs of Notice and for attorneys' fees and expenses as approved by the Court, will be available for distribution to Settlement Class Members. As explained more fully below, the amount of distribution to Settlement Class Members will depend on *future* Court proceedings and it is therefore not possible to estimate the amount of any such distribution at this time.

WILL ATTORNEYS FEES AND EXPENSES BE SOUGHT NOW?

No. At a future date, upon further notice to the Settlement Class, counsel for the Representative Plaintiffs will apply to the Court for an award of attorneys' fees from the Settlement Fund. ***No attorneys' fees or costs are being sought at this time.***

DO I NEED TO CONTACT CLASS COUNSEL IN ORDER TO PARTICIPATE IN ANY FUTURE DISTRIBUTION OF THE SETTLEMENT FUND?

No. If you have received this Notice, that means that your name and address are properly maintained in the ESOP's database. You will receive additional Notice of any allocation, and will be advised if you need to take any additional steps. ***If you did not receive this Notice but you believe you should have, or if your address changes, please advise Class Counsel at the address listed below.***

REASONS FOR SETTLEMENT

Plaintiffs' Class Counsel believe that this Settlement is fair and reasonable to the Members of the Settlement Class. They have reached this conclusion based on the inability of the Settling Defendants to pay a judgment beyond the limited insurance coverage available for the Representative Plaintiffs' claims. That policy is also being used to cover the defense costs of the Settling Defendants. Taking into account the monies already spent on defending the Settling Defendants, the Representative Plaintiffs are recovering the great majority of the remainder of the insurance proceeds available to cover their claims. If there were no Settlement at this time, that insurance policy would continue to be used to pay the costs of defending the Settling Defendants. Hence, if there were no Settlement, most or all of the proceeds of the insurance policy would likely be used up in defending the Settling Defendants through trial. Further, the Settlement allows Plaintiffs to focus on their claims against State Street Bank & Trust Co., the ESOP's trustee, scheduled for trial on October 17, 2005. State Street is a solvent defendant and has long been the principal focus of Plaintiffs' claims.

For their part, the Settling Defendants deny any and all wrongdoing whatsoever, and the Settlement shall not and cannot be construed as an admission or concession of wrongdoing or liability by any party.

WHO ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS?

Any questions regarding the Settlement should be directed to Plaintiffs' Class Counsel or their staff:

Steve W. Berman
Andrew M. Volk
Nick Styant-Browne
HAGENS BERMAN SOBOL SHAPIRO LLP
1301 Fifth Avenue, Suite 2900
Seattle, WA 98101
(206) 623-7292

Elizabeth A. Fegan
Timothy A. Scott
HAGENS BERMAN SOBOL SHAPIRO LLP
60 W. Randolph St., Suite 200
Chicago, IL 60601
(312) 762-9237

If you have any questions, you are entitled to consult with Plaintiffs' Class Counsel by calling the following, toll-free number: (877) 694-0660. Or, you can email Plaintiffs' Class Counsel at the following email address: ualesoplit@hbsslaw.com.

You may obtain a copy of the Settlement Agreement by contacting counsel at the telephone number listed above, or you may download a copy from Class Counsel's website, www.hbsslaw.com.

WHAT IS THIS LAWSUIT ABOUT?

A. The Parties' Allegations.

Plaintiffs allege the Settling Defendants and State Street Bank & Trust Co. breached their fiduciary duties under the Employee Income Retirement Securities Act ("ERISA") by continuing to hold all of the ESOP's assets in UAL stock, when, according to Plaintiffs, UAL was an imprudent investment for the Plan.

Plaintiffs allege that Defendants knew or should have known that it was imprudent for the Plan to continue to hold UAL stock by July 19, 2001, because as of that date, there were serious questions as to the ongoing viability of the Company. Plaintiffs claim that the Settling Defendants failed to adequately monitor UAL stock to ensure that it remained a prudent investment for the Plan, and to sell the stock when it became imprudent to hold it. Plaintiffs allege that the failure to begin selling off UAL stock until September of 2002 resulted in millions of dollars of losses to the Plan.

The Settling Defendants deny that they engaged in any wrongful conduct or violated any laws, rules, or regulations and believe they have factual and legal defenses to Plaintiffs' allegations. Specifically, the Settling Defendants deny they acted imprudently and argue they always acted in the best interests of the ESOP participants. The Settling Defendants point out that UAL did not file bankruptcy until December 9, 2002. Defendants began to sell the UAL stock on September 27, 2002. The Settling Defendants contend that the decision not to sell prior to that date was prudent.

The Court has never ruled as to whether Defendants are liable to Plaintiffs or to the Class. This Notice is not intended to be an expression of any opinion by the Court with respect to the truth of the allegations in this lawsuit or the merits of the claims or defenses asserted. This Notice is solely to advise you of the pendency of the action and proposed partial Settlement thereof and of your rights in connection with that Settlement. You may read the Court's orders on the Court's web site, <http://www.ilnd.uscourts.gov>.

B. Status of the Case

The Class Action was originally filed on February 20, 2003, against the Plan, the UAL ESOP Committee, and the UAL ESOP Committee's individual members (the "Individual Defendants"). On July 21, 2003, the Bankruptcy Court stayed the Class Action as a result of the UAL bankruptcy proceedings.

On June 18, 2004, the Bankruptcy Court approved an agreement between Plaintiffs, UAL Corporation, the UAL ESOP, and the Settling Defendants. The agreement provided that the UAL ESOP would be dismissed as a defendant in the District Court action, and liability against the Individual Defendants and the UAL Corporation ESOP Committee would be limited to the amounts available to reimburse the Individual Defendants and the UAL Corporation ESOP Committee pursuant to any valid insurance policy. The Bankruptcy Court lifted the stay and the District Court action proceeded.

On July 28, 2004, the District Court granted Plaintiffs' Motion to file a Second Amended Complaint, which added State Street as a defendant.

On February 17, 2005, the Court granted Plaintiffs' motion for class certification. The decision of the Court is not final. The Settling Defendants have appealed the class certification ruling to the Seventh Circuit Court of Appeals. Solely for the purposes of this Settlement, the Settling Defendants agree that certification of the Settlement Class is proper, and, if the Settlement is approved by the Court, the Settling Defendants will dismiss their appeal.

The Settling Defendants, State Street, and the Representative Plaintiffs all filed motions for summary judgment asking the Court to rule in their favor on the claims in this case without conducting a trial. The Court has not ruled on any such motions, and will not rule on any motions with respect to the Settling Defendants if this Settlement is approved.

CAN I CHOOSE TO EXCLUDE MYSELF FROM THE CLASS?

No. If you meet the description of a member of the Class, you are a member of the Class. Pursuant to law and the Court's class certification order, Class members are not allowed to request exclusion from the Class. There will be no right to opt-out. You will be bound by the outcome of this litigation, whether favorable or unfavorable. If this partial Settlement is approved, you will be bound by it.

CAN I OBJECT TO THE PARTIAL SETTLEMENT?

Yes. If you are a Settlement Class Member, you may object to the terms of the Settlement and urge that the Court not approve the Settlement. In order for any objection to be considered, you **must** file a written statement with the Court, Class Counsel and Defendants' Counsel by September 30, 2005.

WHAT ARE MY RIGHTS UNDER THE PARTIAL SETTLEMENT?

If you are a Settlement Class Member, you may receive the benefit of, and you will be bound by, the terms of the proposed Settlement described in this Notice, upon approval of the proposed Settlement by the Court.

WHEN WILL THE PROCEEDS OF THE SETTLEMENT BE DISTRIBUTED?

After further Notice to the Settlement Class and an opportunity for Settlement Class Members to object, Plaintiffs' Class Counsel will seek approval by the Court for (i) an award of reasonable attorneys' fees and expense and (ii) a Plan of Allocation that will distribute the Settlement Fund (less the costs of this Notice, further Notice, and any fees and expenses that are awarded to Plaintiffs' Class Counsel) for the benefit of Settlement Class Members.

Because of the aggregate amount of damages that Plaintiffs' Class Counsel assert were suffered by Settlement Class Members, it is not economically feasible to distribute the Settlement Fund to Settlement Class Members at this time. It is the hope and goal of Plaintiffs' Class Counsel that such distributions will occur in connection with additional monies recovered from the non-settling Defendant in this action, State Street Bank & Trust Co.

WHAT CLAIMS WILL BE RELEASED BY THE PARTIAL SETTLEMENT?

If the proposed Settlement is approved by the Court, the Court will enter an Order ("Judgment") that will permanently dismiss this litigation against the Settling Defendants. In addition, on the day the Judgment becomes effective, all Settlement Class Members, on behalf of themselves, their successors and assigns, shall be deemed to have fully, finally, and forever released, relinquished, and discharged all claims (whether known or unknown) of any nature whatsoever that they had or may have against the Settling Defendants or their insurer based on, arising out of, or related to their participation in the UAL Corporation ESOP and any shares of UAL stock held in the UAL Corporation ESOP. At the same time, all Settlement Class Members shall be permanently barred and enjoined from instituting, commencing or prosecuting any such claim against the Settling Defendants or their insurer. ***This Settlement Does Not Release Or Otherwise Compromise Any Claims By Any Persons Against The Non-Settling Defendant, State Street Bank & Trust Co.***

THE FAIRNESS HEARING

A hearing (the "Fairness Hearing") will be held on October 12, 2005 at 11:00 a.m., before the Honorable Samuel Der-Yeghiayan, United States District Court Judge, at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, for the purpose of determining (a) whether the proposed Settlement as set forth in the Agreement is fair, reasonable and adequate and should be approved by the Court; and (b) whether an Order of Final Judgment and Dismissal, substantially in the form of Ex. B to the Agreement, should be entered.

Any Settlement Class Member may appear at the Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her or its objection is made in writing and is filed, together with proof of membership in the Settlement Class and with copies of all other papers and briefs to be submitted by him, her or it to the Court at the Fairness Hearing, with the Court no later than September 30, 2005, and showing due proof of service on Plaintiffs' Class Counsel:

Steve W. Berman
HAGENS BERMAN SOBOL SHAPIRO LLP
1301 Fifth Avenue, Suite 2900
Seattle, WA 98101

and upon the following counsel for the Settling Defendants:

Howard Shapiro
PROSKAUER ROSE LLP
909 Poydras Street, Suite 1100
New Orleans, LA 70112-4017

Unless otherwise directed by the Court, any Settlement Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived all objections to this Settlement.

If you change your address, or if this Notice was not mailed to your correct address, you should immediately send notice in writing of your correct address to: Hagens Berman Sobol Shapiro LLP, 1301 Fifth Avenue, Suite 2900, Seattle, Washington 98101, Attn: UAL ESOP Litigation.

HOW DO I OBTAIN ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. The records in this litigation may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the Court, United States District Court, Northern District of Illinois. You may also read the Court's orders on the Court's web site, www.ilnd.uscourts.gov. If you have any questions concerning the matters contained in this Notice, or the remaining claims against State Street in this litigation, you may call Class Counsel, toll-free or send an email to Class Counsel.

DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

Dated: August 23, 2005.

BY ORDER OF THE COURT

Clerk, United States District Court
for the Northern District of Illinois