



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

Office of the Executive Director

July 26, 2004

Mr. Glenn F. Tilton
Chairman, President and CEO
United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

Via Fax and Overnight Delivery

Dear Mr. Tilton:

UAL's announcement last Friday that it would no longer make legally required contributions to its employee pension plans while in bankruptcy is of great concern. This announcement followed UAL's failure on July 15, 2004, to make \$72.4 million in required quarterly contributions to the plans. The decision to stop contributing to the pension plans is a serious matter that increases the risk of loss to plan participants and the federal pension insurance program.

As you are aware, the Internal Revenue Code and the Employee Retirement Income Security Act require pension plan sponsors to make minimum contributions to their pension plans on a periodic and timely basis. The company has characterized certain covenants in its amended DIP financing agreement as "effectively" prohibiting further pension contributions prior to exit from bankruptcy. Any such covenants would be inconsistent with ERISA and the Internal Revenue Code and contrary to public policy.

The interests of plan participants are best served by the continuation of the company's pension plans. Therefore, the PBGC would like specific information regarding how UAL intends to close the growing funding gap in these plans. The company owes more than \$500 million in additional contributions this year and more than \$4 billion over the course of the next five years. Please provide a detailed explanation of how the company's business plan will enable it to meet these obligations. On the other hand, if UAL intends to terminate any of its defined benefit pension plans, the PBGC and plan participants should be made aware that fact as soon as possible.

I understand that a UAL team will be making a formal presentation to PBGC on Thursday, July 29. All of these issues should be thoroughly addressed at that meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bradley D. Belt', is written over a horizontal line.

Bradley D. Belt
Executive Director