

## Air Transportation Stabilization Board

November 6, 2002

Mr. Frederick Brace  
Executive Vice President  
and Chief Financial Officer  
United Air Lines, Inc.  
P.O. Box 66100  
Chicago, IL 60666

Dear Mr. Brace:

We have received your supplemental materials, as well as the additional information presented at our meetings on October 28 and November 5 with the ATSB staff and the ATSB working group. The materials are currently under review by the ATSB staff, the ATSB working group, and the ATSB's outside consultants. As a result of the discussions and our review of the materials you have submitted, we would like to alert you to some of the areas that will require additional information before the ATSB can determine whether UAL qualifies for a federal loan guarantee:

1. The ATSB needs further explanation of the assumptions underlying the revenue forecasts in the company's business plan.
2. The ATSB needs additional detail on the components, status, and timing of the proposed labor cost savings that the company has identified.
3. The ATSB needs additional detail on the revenue enhancement elements of the company's proposed non-labor profit improvements.
4. The ATSB needs to follow up on the November 5 meeting on the cost savings elements of the company's proposed non-labor profit improvements.
5. The ATSB needs additional detail on the company's pension and post-retirement obligations, and alternatives for meeting funding requirements.
6. The ATSB needs additional detail on the company's current or future capital spending commitments related to airport infrastructure.

The ATSB staff is looking forward to meeting with you and your advisors to address these issues in the coming weeks. In the course of our ongoing analysis, we expect to develop specific questions based on the materials submitted and requested.

Sincerely,

Daniel Montgomery  
Executive Director