IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re	)	
	)	
UAL CORPORATION, et al.,	)	Chapter 11
	)	
Debtors.	)	Case No. 02-B-48191
	)	(Jointly Administered)
	)	
	)	Hon. Eugene R. Wedoff
	)	
	)	Hearing Date: April 22, 2005
	)	Hearing Time: 9:30 a.m.
	)	

OBJECTION OF ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO ("AFA"), TO THE DEBTORS' EMERGENCY MOTION FOR INTERIM RELIEF FROM THEIR COLLECTIVE BARGAINING AGREEMENT WITH AFA PURSUANT TO SECTION 1113(e)
[Docket No. 10838]

The Association of Flight Attendants-CWA, AFL-CIO ("AFA"), submits this memorandum in opposition to Debtors' ("Debtors," "United," or the "Company") emergency motion seeking interim relief from their collective bargaining agreement with AFA pursuant to Section 1113(e). Typically, the circumstances that compel a debtor to seek Section 1113(e) relief relate exclusively to the financial condition of the company. That is not the case here. Instead, United has filed this motion only because AFA invoked its contractual right to serve a notice to terminate the most recent modifications to its labor contract (the "Modifications"). In response, United has decided not to contest AFA's action and has eschewed the appropriate contractual and legal processes available to it. United has thus conceded termination, the effects of which are not disputed. The Company can either cure the deficiencies that gave rise to the termination or it must revert to the terms of the collective bargaining agreement ("CBA") that existed prior to the effective date of the Modifications.

United mistakenly believes it can use Section 1113(e) to escape the consequences of its decisions. Indeed, the relief it seeks would leave it in exactly the same position as if it had successfully challenged termination. If its motion were granted, termination would be avoided, the current agreement would remain in place, and AFA's termination rights would be rendered a nullity. United, however, is estopped, in equity, from relying upon the Bankruptcy Code and this Court to absolve it of its own wrongdoing and to take advantage of its own misconduct.

Had United simply breached AFA's agreement and then conceded that termination would ensue, the Court would have ample cause not to grant its request for emergency relief. But when the events leading up to AFA's decision to serve a termination notice are considered, it becomes abundantly apparent that United's efforts here constitute an abuse of process that Section 105(a) of the Code expressly prohibits. 11 U.S.C. § 105(a). As set forth in AFA's opposition to the extension of exclusivity, the Debtors committed a fraud against the Court and its creditors, including AFA, by claiming $445 million in savings that in fact were illusory or double-counted. In addition, United has admitted that it still does not know how it will achieve $46 million in annual savings from the SAM employees. United should not be permitted to misuse Section 1113(e) to insulate it from its deceit.

As more fully described below, United's motion should therefore be denied as it is predicated upon a long course of misconduct and is intended to avoid the consequences of its bad faith.

STATEMENT OF FACTS

The facts that are material to United's demand for Section 1113(e) relief relate not to the financial impact of termination but to four events, each of which predates AFA's decision to serve the Termination Notice: (1) For the 2005-2010 concessionary period, United counted $150

million of SAM's allocation twice; (2) by adopting an inflated base line of projected wage modifications as the yardstick against which United would measure SAM savings, United claimed $295 million in cost reductions which were illusory; (3) United has not identified to date a single verifiable source of $230 million in claimed productivity enhancements for the SAM employees; and (4) United is not contesting AFA's termination of the Modifications. Based upon the factual statement contained in its Objection to the extension of exclusivity, AFA sets forth here the core facts that underlie these four events.

1. United Double-Counts SAM Savings.

Of the $655 million in BII initiatives that the Company incorporated into Gerswhin 5.F, its business plan, in October 2004, $30 million was comprised of General and Administrative ("G&A") productivity improvements. See AFA's Objection to Debtors' Motion to Extend Exclusive Periods, filed April 15, 2005 ("AFA Obj."), Davidowitch Decl. ¶ 17, Exh. 5.

Also in October, United determined that it would need an additional $725 million in labor savings, of which $112 million were allocated to the salaried and management ("SAM") employees. See AFA Obj. at 5-6. Of the SAM allocation, the Company claimed that $30 million would also be achieved through G&A productivity improvements. See AFA Obj. at 9. As it had with the $655 million in non-labor savings, the Company incorporated this $725 million in savings into Gershwin 5.F.

From sometime in late November or early December 2004 until February 8, 2005, the Company counted the same $30 million in G&A productivity improvements towards the BII initiatives and SAM's $112 million allocation. See AFA Obj., Davidowitch Decl. ¶ 17.

On February 8, the Company began its attempt to identify a second $30 million in G&A productivity savings only after it was caught and confronted by AFA. See id. ¶ 18.

2. United Creates and Counts Illusory SAM Wage Savings.

In early November 2005, the Company established in the labor model supporting Gershwin 5.F a base line of wage modifications against which United would measure the pay concessions of each work group.

For all groups, other than SAM, the base line was identical to the wage modifications that were established during the first Section 1113 process and were put into place on May 1, 2003. See AFA Obj., Akins Decl. ¶ 6. For the SAM employees, United adopted an entirely new base line that contained annual wage increases including 7.45% raises in 2005 and 2006. See id. ¶ 7.

When AFA asked the Company whether these amounts reflected in the base line for SAM employees were correct, the Company responded that these assumptions were not "actual or planned." See AFA Obj., Davidowitch Decl. ¶¶ 11-12.

In order to show that it had satisfied the $112 million allocation for SAM employees, the Company established a series of wage cuts and increases for the SAM employees that it claimed would generate an average of $72 million in annual savings. See id. ¶¶ 20-21. The $72 million was derived by measuring this progression of wage modifications against the Gershwin 5.F base line that the Company had stated was not "actual or planned." See id. ¶ 22.

By using the inflated base line in Gershwin 5.F rather than the one that had been established during the first Section 1113 process, the Company claimed that it would realize $340 million in wage savings over the concessionary period of 2005-2010. Of this amount, $295 million were not real savings. See AFA Obj., Akins Decl. ¶ 12, Exh. 5. In fact the actual cost of the wage progression that United relied upon to purportedly generate $112 million in annual SAM savings was higher than if United had simply left in place the modifications established during the first Section 1113 process. See id. ¶ 11.

The Company stopped using the inflated Gershwin 5.F base line and counting the $295 million in illusory wage savings only after it was caught and confronted by AFA. See AFA Obj., Davidowitch Decl. ¶ 32.

3. United Fails to Verify SAM Savings.

As a result of being caught double-counting $30 million in G&A savings and treating $295 million in illusory savings as real, the Company was forced to recalculate how it would achieve $112 million in annual savings from the SAM employees. It now claims that of this $112 million, it will achieve $46 million through productivity enhancements. See id. ¶ 34, Exh. 13.

The Company has admitted that it has not identified a single verifiable source of the $46 million and that it will take "months" to do so. See Debtors' Supplemental Memorandum in Support of Section 1113(c) Motion, filed April 11, 2005 ("Supp. 1113(c) Mem.").

The Company's claim that it is ahead of schedule in achieving SAM's allocation for 2005 is based upon shifting $30 million in productivity improvements from BII savings, so designated in October 2004, to the SAM labor savings. See AFA Obj., Akins Decl. ¶ 17. In an April 15, 2005 letter to Daniel Akins, a financial analyst working for AFA, Lynn Hughitt, United's Vice President for Compensation and Benefits, confirmed that the SAM allocation of $112 million included $30 million in G&A savings shifted out of the $655 million in BII savings. See Akins Decl. (appended hereto) ¶ 2, Exh. 1.

4. United Decides Not to Contest Termination.

Based upon these circumstances and the Company's continuing failure to demonstrate that it will achieve $112 million in annual SAM savings for the period of 2005 through 2010, AFA served United on Friday, April 8, with a notice of termination of the Modifications which

would become effective on April 28 unless United cured the deficiencies in its valuation of the SAM savings to the reasonable satisfaction of AFA.[1] See AFA Obj., Davidowitch Decl. ¶ 37, Exh. 15.

On Sunday, April 10 the Company responded to AFA's termination notice stating that it was "prepared to dispense with a costly adjudication of the discrete issues raised in your letter ..." See id., Exh. 16. The next day, in its most recent 1113(c) memorandum, the Company made clear that it was not "contesting" AFA's action, but was instead moving to "reject the AFA CBA on the basis of the last proposal to the AFA presented to the Court" on December 14, 2004. Supp. 1113(c) Mem. at 53. On Friday, April 15, the Company filed the motion at issue here, in which it seeks emergency interim relief pursuant to Section 1113(e).

ARGUMENT

As a matter of fundamental equity, United is not entitled to the Section 1113(e) relief that it seeks. There is no more deeply rooted principle of equity than that "a party seeking equitable relief cannot take advantage of his own wrong or, as otherwise stated, he who comes into equity must come with clean hands." In re Midway Airlines, Inc., 180 B.R. 851, 946 (Bankr. N.D. Ill. 1995). "The doctrine of unclean hands prevents plaintiffs from obtaining relief for conduct in

[1] The Modifications provide, in pertinent part:

> This Letter of Agreement may be terminated by the Company or the AFA-CWA, on two business days written notice to the other (the "Termination Notice"), given before or after the Effective Date but no later than the Exit Date, upon failure of the Company to implement, through binding agreement or final judicial order effective than January 31, 2005, revisions to (i) the labor contracts of the Company's other unionized employees, and (ii) the wages, benefits and working conditions of the Company's salaried and management employees so that the aggregate revisions in (i) and (ii) are reasonably projected to produce at least $547 million in average annual savings for the Company from January 1, 2005 through and including January 1, 2010, unless such action is cured to the reasonable satisfaction of the AFA-CWA within twenty (20) days of the Termination Notice.

AFA Obj., Davidowitch Decl., Exh. 3.

which they themselves participated." In re Aimster Copyright Litig., 252 F. Supp. 2d 634, 655 (N.D. Ill. 2002); see also Packers Trading Co. v. Commodity Futures Trading Comm'n, 972 F.2d 144, 148 (7th Cir. 1992) (the doctrine of unclean hands "applies to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief.") As we show below, the Company, in furtherance of its own fraudulent and bad faith conduct, not only participated in, but instigated, the conduct for which it now seeks 1113(e) relief.

Section 105(a) of the Bankruptcy Code authorizes a bankruptcy court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Code]" and to "tak[e] any action or mak[e] any determination necessary or appropriate to . . . prevent an abuse of process." 11 U.S.C. § 105(a). Under Section 105(a), bankruptcy courts "have the equitable power and duty to assure that injustice or unfairness is not done in the administration of the bankrupt estate." In re Linc Capital, Inc., 296 B.R. 474, 476 (Bankr. N.D. Ill. 2003). Here, as the undisputed record establishes, United's invocation of Section 1113(e) of the Code is clearly "tainted with inequitableness [and] bad faith." Packers Trading Co., 972 F.2d at 148. Accordingly, it would be manifestly unjust and unfair for the Company to receive the 1113(e) relief that it seeks.

I. UNITED CANNOT RELY UPON CIRCUMSTANCES OF ITS OWN MAKING TO JUSTIFY ITS REQUEST FOR SECTION 1113(e) RELIEF.

The Bankruptcy Code authorizes the imposition of interim modifications to a collective bargaining agreement pursuant to Section 1113(e) only where the debtor has shown that such relief is "essential to the continuation of the debtor's business, or in order to avoid irreparable damage to the estate." 11 U.S.C. § 1113(e). Here, United seeks the Court's intervention not because of an impending dire financial predicament, but because it has decided to turn its back

on the legal and contractual processes that are intended to address the specific circumstances at issue here.

Those circumstances are not disputed: AFA has invoked its right to serve United with a notice of termination of its Modifications based upon United's failure to verify that the productivity improvements for the SAM employees are "reasonably projected" to produce the $46 million in annual savings. AFA Obj., Davidowitch Decl., Exh. 3 at 3. Under the terms of the CBA, the modifications are terminated unless the deficiency "is cured to the reasonable satisfaction of the AFA-CWA within twenty (20) days of the Termination Notice." Id.

United has decided not to avail itself of the opportunity to address the violation identified by AFA. Instead it claims that there is "nothing for United to cure." Id., Exh. 16. If United were to contest AFA's right to terminate the agreement, the appropriate and available mechanism for resolving this dispute is arbitration, as provided for in the CBA and as mandated by the Railway Labor Act. 45 U.S.C. § 151 et seq.[2]

United has affirmatively and unequivocally declined to arbitrate this matter. In fact, it states that it has chosen not to "contest AFA's action" and has elected "to dispense" with the adjudication of the "discrete issues" raised in AFA's Termination Letter. AFA Obj., Davidowitch Decl., Exh. 16. Thus what United now faces, termination of the Modifications on April 28, results entirely from its own decision to eschew the appropriate process available to it. Unlike the situation that can precipitate a legitimate Section 1113(e) motion, its predicament is not due to some unforeseen and inescapable operational or financial exigency. Put simply, its purported need for interim relief is based entirely upon the fact, not disputed by United, that the

[2] "The Board shall consider any dispute properly submitted to it by an employee covered by the this Agreement, by the President of the Union or by the Chief Operating Officer of the Company ...." AFA CBA, Section 27.E.

Modifications will terminate on April 28 and that the terms and conditions of employment that existed prior to the Modifications will be in effect.

United now believes it can avoid the consequences of its decision by having the Court award it the extraordinary relief provided by Section 1113(e). The Company, however, is estopped from obtaining a judicial benefit that is necessitated entirely by its own conduct. By voluntarily choosing to eschew arbitration and to concede termination of the Modifications, United must accept the outcome it has orchestrated. Permitting United to maintain the Modifications as it seeks in its Section 1113(e) motion, would be tantamount to absolving it of its violation of the CBA. Moreover, the termination rights that are expressly provided for in the Modifications would be reduced to a nullity, such that the status quo would be preserved and reversion to pre-Modification terms would be prevented, even though the Termination Notice is uncontested.

II. UNITED'S REQUEST FOR SECTION 1113(e) RELIEF IS ROOTED IN FRAUD AND DISHONESTY.

In order to grasp the degree to which United is attempting to manipulate the processes of the Court, one must consider the events leading up to its decision not to arbitrate or contest the termination of the Modifications. United was engaged in a scheme to defraud its creditors, including AFA, of a substantial amount of the savings it would purportedly realize from concessions imposed upon the SAM employees. Until caught and confronted by AFA, United was counting the same $30 million in productivity improvements as part of two separate and independent programs, one comprised of $655 million in BII initiatives and the other made up of $725 million in additional labor savings. United incorporated the two amounts separately into Gershwin 5.F. See AFA Obj., Davidowitch Decl. ¶ 17, Exh. 7 & Akins Decl. (appended hereto), Exh. 1. Counting the same savings twice only came to an end when AFA challenged United in a

letter dated February 1. See AFA Obj., Davidowitch Decl. ¶ 34, Exh. 4. Similarly, United abandoned its scheme to concoct and claim $295 million in illusory savings only after AFA raised the issue in a February 28 letter. But for AFA's intervention, Gerswhin 5.F would still contain a total of $445 million in artificial savings. See id. ¶ 32.

III. UNITED CANNOT USE SECTION 1113(e) TO EXCUSE ITS FAILURE TO SATISFY ITS OWN STANDARD FOR VERIFYING CLAIMED SAVINGS.

Unable to rely upon these artificial reductions in SAM employee costs, the Company could have resolved to honestly fill the resulting gap with real verifiable savings. Instead, on March 29, it presented AFA with an unsubstantiated claim that it would achieve $46 million in productivity improvements. See id. ¶ 34, Exh. 13. AFA asked the Company to provide information demonstrating that this amount of savings was in fact attainable. See id. ¶ 35. On April 10, United finally admitted that it did not possess and would not have for "some months" the data to back-up its claim. See id. ¶ 38, Exh. 16. The significance of the Company's failure to demonstrate that these claimed productivity improvements were "reasonably projected to produce" $46 million in annual savings ironically is revealed by United in its Memoranda in Support of its Section 1113(c) and Section 1113(e) motions.

First, United emphasizes throughout its Memoranda the bedrock principle that it must honor throughout this Section 1113 process -- that each labor group must contribute its proportionate share of the savings United claims it must have to exit bankruptcy. The Company recognizes that "[a]ll the Company's employees expect to be treated proportionately and consistently, as demonstrated by the various provisions in the Company's agreements requiring proportional savings from other labor groups." Debtors' 1113(e) Mem. at 12. According to United, parity is not only required by contract but is essential to promote labor harmony, "[a]ny perception by one employee group that it is being disfavored over another creates friction that

could threaten the very fabric of the airline's operations." Id. United also believes that the "[p]otential exit financiers share United's concern that the Company maintain parity among its employees and avoid any labor unrest that that could be created by inconsistent treatment." Id. Finally, "[m]aintaining proportionality among employees is essential for United to deliver the high quality performance necessary for a successful reorganization." Id.

While United appears to very much appreciate the importance of parity among the labor groups, it inexplicably condemns AFA for demanding that United actually honor that principle. Indeed, the Company is now asking the Court to eviscerate proportionality and force AFA to accept the kind of inequities that the termination provision of the Modifications was intended to prevent.

Second, United's demand for Section 1113(e) relief is especially egregious since it arises from the fact that it cannot satisfy its own standard for determining the validity of claimed savings. In its most recent Section 1113(c) Memorandum, United states that, "unspecified and uncertain initiatives ... fail to provide the concrete savings United needs" and "would be unfair and inequitable to other unions, and could trigger termination rights for other union agreements." Supp. 1113(c) Mem. at 50. United also rejects claimed savings that are "too speculative". Id. at 59. Most telling is that the Company is unwilling to assume that it will actually secure savings it has committed to find. Its agreement with ALPA provides that the union and United "shall develop, and the Company shall begin pursuit of a program projected to produce at least $150 million in non-labor savings." Id. at 77 n.228. The Company cautions, however: "While United will do its best to search for these extra savings, neither the Company nor ALPA has identified what this program might be, and whether it can be achieved remains uncertain. Thus, exit

lenders will not credit savings from this yet-to-be developed program in evaluating United's business plan."[3] Id.

According to the standard United itself has articulated, it cannot accept or rely upon future savings if they are "unspecified", "uncertain", "speculative", or "yet-to-be developed". Yet that is precisely how the Company describes the $46 million in SAM productivity improvements. According to United:

> "[I]t is far too premature to identify the additional savings that United will secure beyond 2006." Supp. 1113(c) Mem. at 52.
>
> "It would be imprudent to determine at this moment specific cuts from 2006 through 2009 ...." AFA Obj., Davidowitch Decl., Exh. 16 (emphasis added).
>
> "It would be imprudent to determine at this moment the specific initiatives which will ultimately enable us to achieve our $70 million target." AFA Obj., Akins Decl. (appended hereto), Exh. 1 (emphasis added).
>
> "United cannot make hasty decisions about the amount and timing of future productivity goals ..." Id.
>
> "It will take some months to complete that process, given the complexity of this work group, but make no mistake: it will be done." AFA Obj., Davidowitch Decl., Exh. 16.

While United may desire a particular result, that does not equate to the specificity and certainty that United demands of other claimed savings. Thus, United's request for Section 1113(e) relief is the product of its failure to verify $46 million in annual savings in accordance with its own criteria. As much as Section 1113(e) is not intended to permit United to avoid the consequences of its own wrongdoing, this provision should not be used to sanction a double standard for establishing parity among the labor groups.

---

[3] Each of these statements is consistent with the approach the United took with AFA during the negotiations that resulted in the Modifications. The Company demanded that the Flight Attendants' allocation of $131 million be comprised entirely of specific and verifiable savings.

IV. UNITED'S CLAIM THAT AFA'S ENFORCEMENT OF ITS CBA IS A NEGOTIATING PLOY IS INTENDED TO FURTHER OBFUSCATE THE COMPANY'S MISCONDUCT.

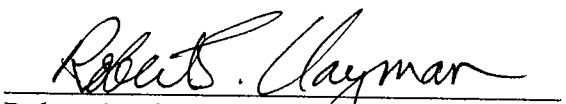
AFA's efforts to ensure that the SAM savings are reasonably projected to produce $112 million in annual savings is not, as United alleges, a tactic to gain an advantage in the pension negotiations. The Modifications agreed to by United and AFA confer upon the union the right to verify that its sacrifices are proportionately matched by all other labor groups. AFA is simply enforcing that contractual right.

Incredibly, United's accusation comes amidst its refusal to cure the deficiencies identified in AFA's Termination Notice, contest the Termination itself, provide the specificity required of all other claimed savings, or acknowledge that the root cause of its predicament is its own fraud and dishonesty. For United to condemn AFA, particularly in these circumstances, for demanding that it live up to its guarantee of fairness and parity is emblematic of a company whose bad faith blinds it to its own failings.

CONCLUSION

For all the foregoing reasons, AFA respectfully requests that this Court deny the Debtors' Emergency Motion for Interim Relief from their Collective Bargaining Agreement with the AFA Pursuant to Section 1113(e).

Respectfully submitted,



Robert S. Clayman (admitted pro hac vice)
Carmen R. Parcelli (admitted pro hac vice)
Matthew E. Babcock (admitted pro hac vice)
GUERRIERI, EDMOND, CLAYMAN & BARTOS, P.C.
1625 Massachusetts Ave., N.W.
Suite 700
Washington, D.C. 20036-2243
Telephone: (202) 624-7400

Counsel for Association of Flight Attendants-CWA, AFL-CIO

Dated: April 20, 2005

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re	)	
	)	
UAL CORPORATION, et al.,	)	Chapter 11
	)	
Debtors.	)	Case No. 02-B-48191
	)	(Jointly Administered)
	)	
	)	Hon. Eugene R. Wedoff
	)	

DECLARATION OF DANIEL W. AKINS

Daniel W. Akins hereby declares, in accordance with 28 U.S.C. § 1746, as follows:

1. For the past twenty years I have been an airline economist, providing consulting services to airlines, airports and labor unions. Currently, I am a financial advisor to the Association of Flight Attendants-CWA, AFL-CIO.

2. On April 15, 2005, I received a letter from Lynn Hughitt, United's Vice President for Compensation and Benefits, purporting to substantiate the $112 million in cost savings that United has allocated to its salaried and management employees. (A true and correct copy of the April 15, 2005 letter from Hughitt to Akins is appended hereto as Exhibit 1.)

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 18th day of April 2005.

Daniel W. Akins

EXHIBIT 1

Lynn Hughitt
Vice President
Compensation and Benefits

UNITED

April 15, 2005

Mr. Dan W. Akins
283 Maple Street, Suite 100
Stowe, VT 05672

Dear Dan:

I want to follow up on our discussion Wednesday afternoon regarding the SAM savings. But first, let me say how much I appreciate the opportunity to, I hope, clear up what appears to have been a misunderstanding about our plans and process to achieve our G&A savings target. After your meeting with our team last week, I understood that you were going to send us an e-mail to clarify your points of understanding and concern regarding the SAM commitment. While I had thought that we would have the opportunity to engage in this discussion in response to your e-mail, I am happy to be providing you this information today -- and hope that it can re-instill some momentum in the talks between the AFA and United.

We set our initial, achievable target in 2004 of $30 million, and to work the project in phases -- but Glenn Tilton was clear on the need to do much more.

By December 2004, we had identified $35 million in savings - $28 million in headcount reductions and $7 million in lower professional and technical spending. These initiatives have all been incorporated into our 2005 expense plan.

In February 2005, we formed a team to tackle additional ideas, and gave the team a preliminary target of $30 million. The target was increased to $70 million in March, with the goal of getting most of incremental savings in place by 2006. As a result of these first two phases, the company has targeted G&A savings totaling $105 million (or $92 million in average annual savings over the five year term of our business plan).

SAM salary cost savings for the first quarter are ahead of plan, and at current levels of attrition and staffing, we expect to end 2005 $10 million better than plan. Combined with the $35 million identified and implemented through the first G&A initiative, this means that we will exceed our 2005 goals, and have very little left to identify and implement in order to achieve the $46 million G&A component of our $112 million SAM commitment.

But as we discussed, we have a goal of achieving far more than that. We have a new team in place tasked to pursue transformational savings and deliver against the $70 million target

discussed above. They are looking at improvements that cut across divisions and business units -- which is ultimately more complex and time consuming work than simply assigning targets to divisions. The additional, incremental opportunities we have identified include:

- Outsourcing of non-core work;
- Passenger and cargo revenue accounting;
- Optimize call centers (in addition to reservations);
- Payroll accounting;
- Professional and technical services;
- International efficiencies;
- Shared services throughout the company; and
- Process improvements

The new team represents a terrific combination of proven experience -- both within and outside of United. Collectively, they combine experience at companies known for efficiency and a wealth of United knowledge, including field and international experience. The result of their work will be to eliminate redundancies and make United more efficient -- and they accountable to reduce overhead and expense wherever possible.

As is standard in business plan development, further decisions about 2006-2009 savings will be made once specific implementation plans are developed for opportunities like those outlined above. It would be imprudent to determine at this moment the specific initiatives which will ultimately enable us to achieve our $70 million target. United cannot make hasty decisions about the amount and timing of future productivity goals well ahead of the normal timetable merely to provide a line-by-line basis for its savings today. Instead, we will complete the deliberate, thoughtful process necessary to identify and implement the appropriate initiatives – which are likely to include some or all of the above items – to meet the 2006-2009 efficiency targets; the same approach and process we've used all along.

Again, I trust this resolves the questions we discussed on Wednesday.

Regards,

cc: Greg Davidowitch

CERTIFICATE OF SERVICE

I, Robert S. Clayman, hereby certify that, on this 20th day of April 2005, true copies of the foregoing **Objection of Association of Flight Attendants-CWA, AFL-CIO ("AFA"), to the Debtors' Emergency Motion for Interim Relief from their Collective Bargaining Agreement with AFA Pursuant to Section 1113(e)** were served via overnight delivery on the attached Core Group Service List and via electronic mail or facsimile on the updated 2002 Service List. Pursuant to Section C.3.i(1) of the Second Amended Notice, Case Management and Administrative Procedures in this proceeding, service lists have been filed with the Court. In accordance with Rules 9014 and 7004, a true copy of the foregoing Objection was served by first-class mail on Frederic Brace, an Officer of United.

Robert S. Clayman