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.

2. In reaching the conclusions set forth in this declaration and in preparing the exhibits appended hereto, I have relied upon and considered: (i) the April 2003 Labor Model V1.1A Final ("Labor Model V1.1A"); (ii) the December 1, 2004 Gershwin 5.F Labor Model ("Gershwin 5.F Labor Model"); (iii) the February 8, 2005 Labor Concession Valuation Sheets; (iv) the February 11, 2005 revised SAM Valuation Sheet; and (v) the March 29, 2005 SAM Valuation Sheet (collectively "Valuation Sheets").

3. Labor Model V1.1A included a table of the wage modifications, as well as a valuation of each work group's first Section 1113(c) concessions, showing that union-represented employees and SAM employees had provided their allocated share of the $2.5 billion in annual concessions through 2008 (the "Section 1113-1 Schedule").

4. For salaried and management ("SAM") employees, like many of the other employee groups, the Section 1113-1 Schedule showed a series of [REDACTED] annual wage increases through 2008. See Exh. 1.

5. The Gershwin 5.F Labor Model's "Base Case Inputs" included a chart entitled "Contractual Wage Increases by Year by Labor Group" (the "Gershwin 5.F Schedule").

6. For union-represented work groups, the schedule of wage cuts and increases in the Gershwin 5.F Schedule was identical to those contained in the Section 1113-1 Schedule.[1/] Compare Exh. 2 with Exh. 1.

7. For SAM employees, the schedule of wage cuts and increases in the Gershwin 5.F Schedule diverged markedly from that contained in the Section 1113-1 Schedule. Compare Exh. 2 with Exh. 1.

8. The SAM Valuation Sheet contained a schedule of wage cuts and increases for each work group through 2009. For salaried employees, the Valuation Sheet showed a 2.0% pay cut in 2005, followed by pay increases of 8.0% in 2006, 3.2% in 2007, 3.2% in 2008, and 3.2% in 2009. See Exh. 3. For management employees, the Valuation Sheet showed a 6.1% pay cut in 2005, followed by pay increases of 8.0% in 2006, 3.2% in 2007, 3.2% in 2008, and 3.2% in 2009. See id.

[1/] With one minor exception: PAFCA was originally scheduled to receive a series of [REDACTED] annual wage increases; however, the Gershwin 5.F Schedule showed the group receiving [REDACTED] raises.

9. For 2005, the SAM Valuation Sheet forecast total SAM wage costs that were less than the costs forecast in the Labor Model V1.1A, representing real wage savings of $45 million in addition to those obtained in the first Section 1113 proceeding. See Exhs. 4 & 5.

10. Beginning in 2006, the SAM Valuation Sheet forecast total SAM wage costs that were higher than those forecast in the Section 1113-1 Schedule, indicating that for those years the Company would be paying $55 million more in SAM wages than it would under the wage schedule contained in the Section 1113-1 Schedule. See id.

11. This $55 million in increased total SAM wage costs for the period between 2006 and 2009 was $10 million more than the $45 million in actual savings obtained in 2005. Thus, United would have had lower total SAM wage costs between 2005 and 2009 if it had simply continued to apply the SAM wage schedule contained in the Section 1113-1 Schedule. See id.

12. Despite the fact that the wage schedule on the SAM Valuation Sheet called for $10 million more in total SAM wage costs than the SAM wage schedule in the Section 1113-1 Schedule, the Company claimed that the wage schedule on the SAM Valuation Sheet generated a large portion of the $112 million in average annual savings from SAM employees. These wage savings, however, were almost entirely imaginary, as they were based upon the difference between the SAM wage increase assumptions contained in Gershwin 5.F and the wage schedule on the SAM Valuation Sheet. For the years 2005 through 2008, of the $340 million in total wage savings

purportedly obtained from SAM employees under the wage schedule on the SAM Valuation Sheet, $295 million was illusory. See Exh. 5.

13. Furthermore not only were the SAM employees getting credit for phony and ultimately more costly wage "savings", they were also to receive annual pay raises such that in 2009 they would be earning, respectively, 16.3% and 11.5% more than they were earning in 2004, while Flight Attendants would be earning 4% less. See Exh. 6.

14. Upon reviewing information sent by the Company to AFA on April 1, 2005, regarding the $112 million in average annual SAM savings, I determined that the information provided by United did not substantiate the projected $46 million in annual productivity savings included in the revised SAM savings valuations.

15. On April 4, 2005, I requested that United provide information, in addition to the documents that the Company had already sent to AFA on April 1, that would substantiate the projected $46 million in annual productivity savings included in the revised SAM savings valuations. In response to my request for additional information, a meeting with Gulsen Sanyer, United's Director of Financial Analysis, was scheduled for April 7.

16. Before my meeting with Sanyer I reviewed the Company's October 27, 2004 report, entitled "Reducing General & Administrative Costs -- Project Status Report." I noticed that the breakdown of the $30 million in annual BII G & A savings identified in the October 27, 2004 report was identical to the breakdown of

the $30 million in annual G & A savings identified in a document that was attached to Pete McDonald's April 1, 2005 letter.

17. At the April 7, 2005 meeting, Sanyer stated that the $30 million in annual G & A savings identified in the April 1, 2005 General & Administrative Initiative represented SAM savings resulting from productivity improvements. When I showed Sanyer the October 27, 2004 report, identifying the identical $30 million in annual G & A savings as a component of the overall $655 million BII savings contained in Gershwin 5.F, and asked how the SAM employees could receive credit for the $30 million in annual savings already identified on October 27, 2004 as BII savings, Sanyer denied that the savings identified in the October 27 Report were exclusively BII savings and claimed that the $30 million in annual savings represented general G & A savings, which included undifferentiated BII and Section 1113(c) SAM savings. She reiterated this position even after I reminded her that the October 27, 2004 Report was issued before the second Section 1113(c) process began. Sanyer likewise claimed that the $30 million in annual G & A savings identified in the document attached to McDonald's April 1 letter represented general G & A savings. With regard to this $30 million in general G & A savings, Sanyer stated it was impossible to differentiate how much of the $30 million represented 1113(c) SAM savings and how much represented BII savings. Sanyer also informed me that United had no detailed analytical support beyond the number of jobs and the dollar figure ascribed for any of the $46 million in SAM productivity increases that United was now projecting. The

Company simply denied that the productivity savings contained in the BII program were separable from the productivity savings included in the $112 million in annual SAM savings.

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

Executed this 12th day of April 2005.

Daniel W. Akins

Daniel W. Akins

EXHIBIT 1

REDACTED

EXHIBIT 2

REDACTED

EXHIBIT 3

1113 (2) Scheduled Wage Rate Changes

(2005-2009)

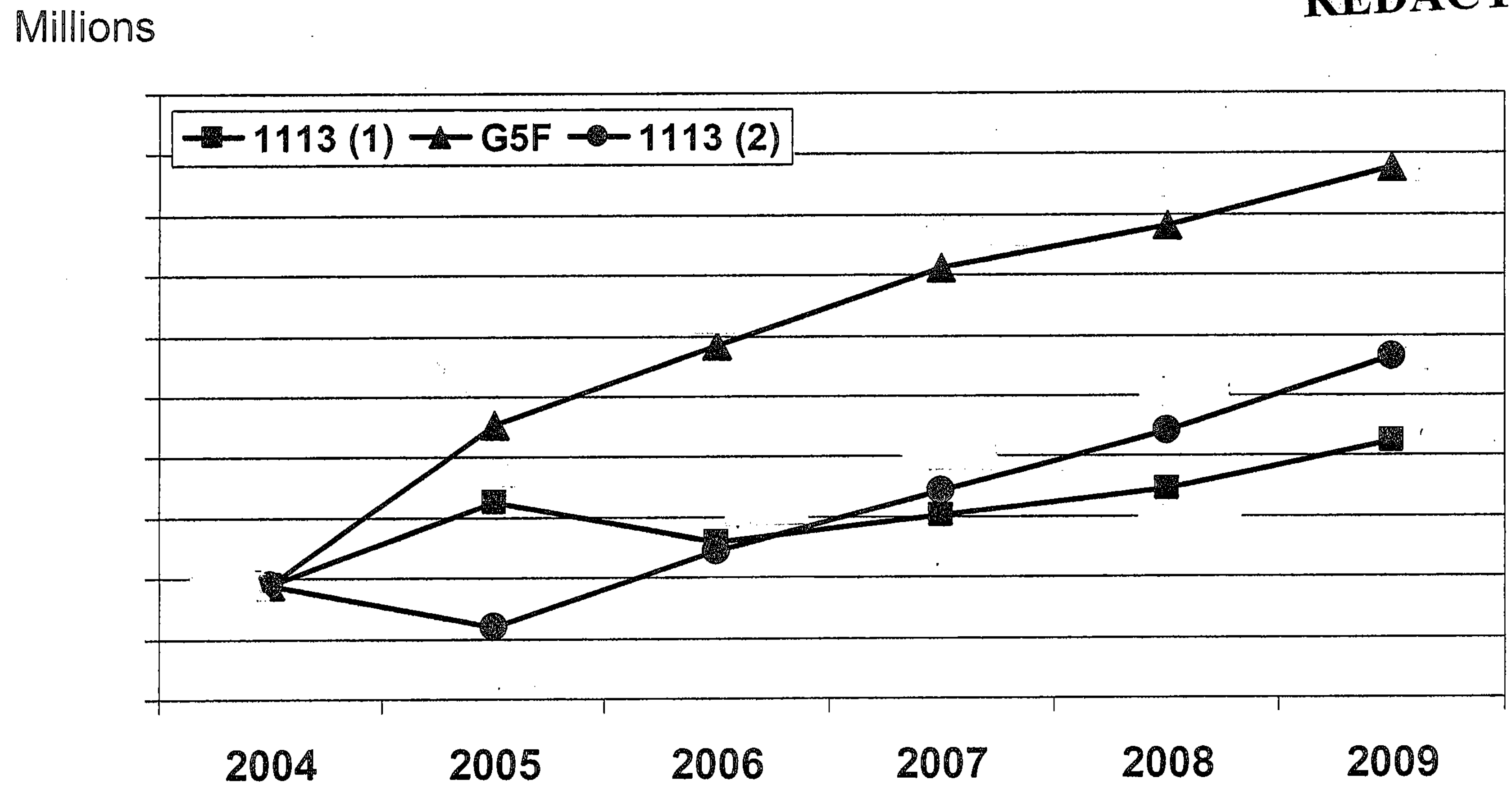
Group	2005	2006	2007	2008	2009
SAM Salaried	-2.0%	8.0%	3.2%	3.2%	3.2%
SAM Management	-6.1%	8.0%	3.2%	3.2%	3.2%
AMFA Mechanics Rej	-5.0%	1.5%	1.5%	1.5%	1.5%
IAM	-7.0%	1.5%	1.5%	1.5%	1.5%
AFA	-9.5%	0.0%	2.0%	2.0%	2.0%
ALPA	-11.8%	1.5%	1.5%	1.5%	1.5%
AMFA Utility Rej.	-10.0%	1.5%	1.5%	1.5%	0.0%

Source: Labor Concession Valuation sheets from J. Brace on Feb. 8, 2005 and revised SAM valuation sheet from Feb 11, 2005.

EXHIBIT 4

Comparison of SAM Total Wage* Costs in 1113 (1), G5F, and 1113 (2)

REDACTED



Source: G5F Labor Model, and Labor Model V1.1A Final - 1113 (1), and SAM valuation from J. Brace Feb. 11, 2005 - 1113 (2).

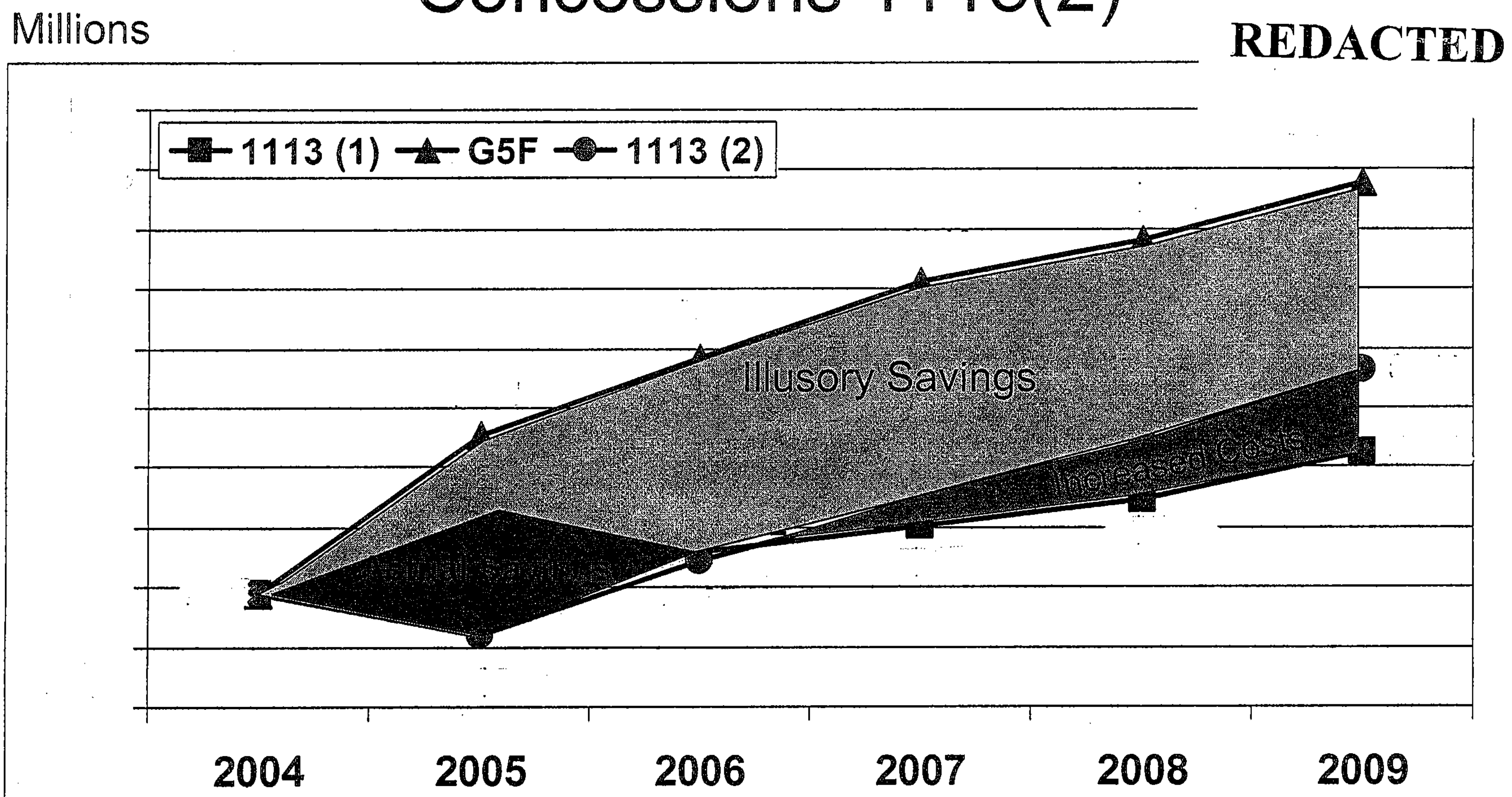
*Note: Salary + Fringes, including lump sum and success sharing.

SAM wage rate costs calculated using Labor Model G5F (revised 12.1.04)

EXHIBIT 5

Valuation Components of SAM Total Wage* Concessions 1113(2)

REDACTED



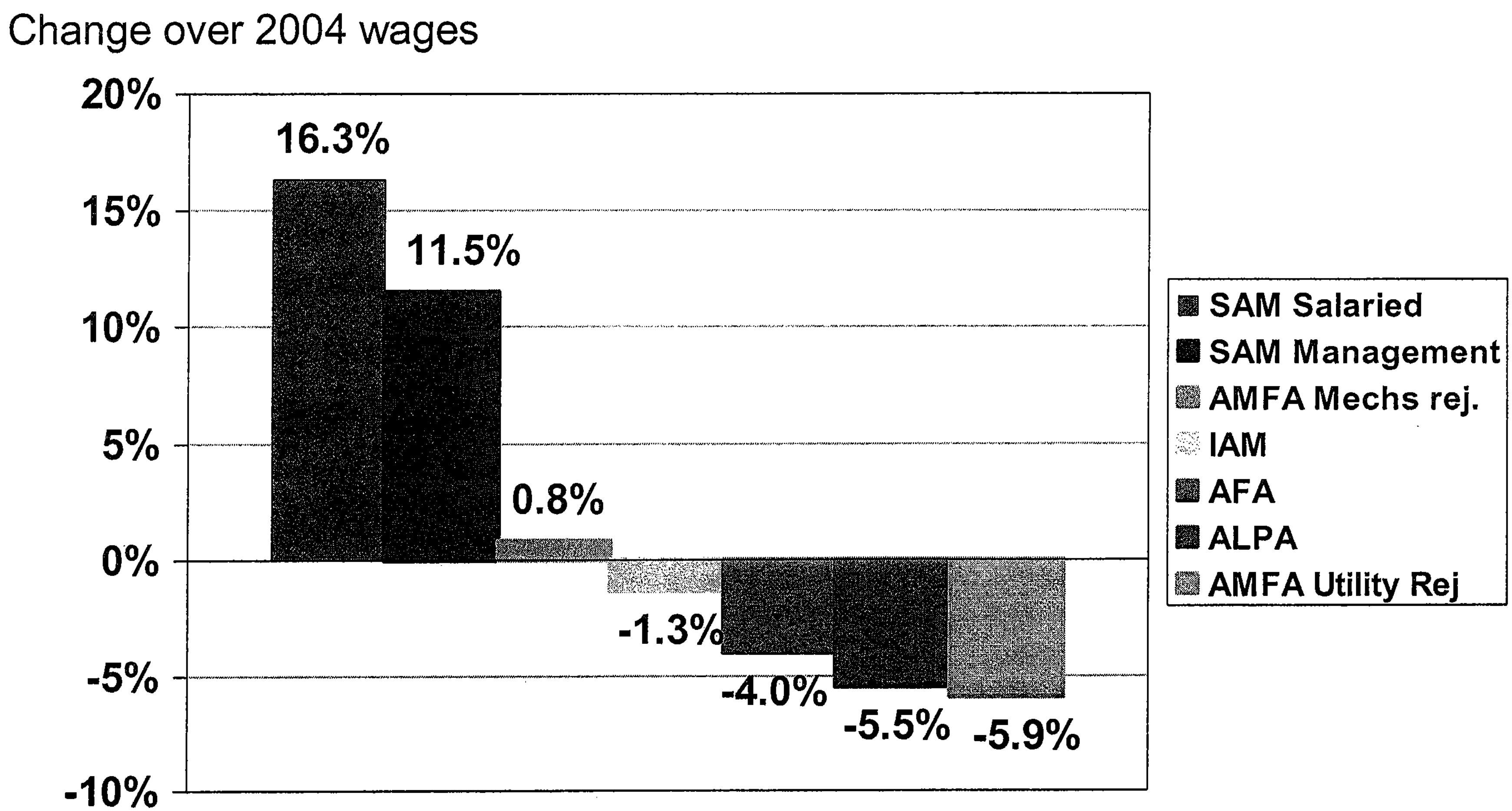
Source: G5F Labor Model, and Labor Model V1.1A Final - 1113 (1), and SAM valuation from J. Brace Feb. 11, 2005 - 1113 (2).

*Note: Salary + Fringes, including lump sum and success sharing.

SAM wage rate costs calculated using Labor Model G5F (revised 12.1.04)

EXHIBIT 6

Wage Rate Changes by 2009 from 1113 (2) Wage Rates



Source: Labor Concession Valuation sheets from J. Brace on Feb. 8, 2005 and revised SAM valuation sheet from Feb 11, 2005.