



ASSOCIATION OF FLIGHT ATTENDANTS - CWA, AFL-CIO
6250 N. River Road, Suite 4020, Rosemont, IL 60018

PHONE 847•292•7170 FAX 847•292•7180 website:www.unitedafa.org

January 6, 2006

Ladies and Gentlemen:

As United seeks to exit bankruptcy, all constituencies of the bankruptcy are reviewing management's Plan of Reorganization (POR) and many creditors are objecting to portions of the Plan. We filed an objection to United's POR due to the proposed additional bonus program, the Management Equity Incentive Plan (MEIP) and management's attempt to include a reservation of rights to reject our Collective Bargaining Agreement after exit from bankruptcy.

A huge bonus for executives of this corporation is simply wrong in light of the enormous sacrifices made by Flight Attendants and other employees during the course of the bankruptcy. Furthermore, management has no right to even attempt to reject our Collective Bargaining Agreement outside of bankruptcy.

United explains in its POR Disclosure Statement that the purpose of the MEIP is "to provide the Reorganized Debtors' management with incentives to maximize future stockholder value [and to] align their interests with the interests of stockholders." Then, incredibly, they also state that "awards under the [MEIP]... will not be based on performance conditions." For this they want to receive equity (stock) in the reorganized company equal to eleven percent of the value of the airline.

Although every other United employee is obligated to work under four additional years of concessions following the date of exit from bankruptcy, there is no evidence that United's top executives have agreed to make any sacrifices during the next four years. To the contrary, 400 members of management stand to cash in on an excess of \$285 million when United exits bankruptcy. The bonus would be awarded regardless of their past or future performance. This is purely a reward for not giving up their employment during the bankruptcy – something they had already been handsomely rewarded for through millions of dollars in Key Employee Retention Program (KERP) bonuses.

The company stated in a report prepared to defend their additional bonuses, that the MEIP was intended to align the interests of management and other stakeholders. If one were to accept this premise, then the executives of this company do not deserve one penny more than what they are currently compensated. At some point, the greed exhibited by this management group must stop. That time is now.

Clearly, the MEIP does not reflect either sound business judgment or good faith, much less respect for the enormous sacrifices Flight Attendants and other employees have made to keep United flying. If there is so much equity available to enrich current management, that equity rightfully belongs to those who have sacrificed to ensure our company's survival.

Once again, United Airlines current management focuses its efforts not on the success of our airline, but on their own personal gain. This profiteering comes predictably at the expense of the dedicated workers who strive daily to ensure our airline's viability and success. United makes the incredible assertion that 11 percent of the total equity value, estimated at \$1.9 billion,

INFLIGHT SAFETY PROFESSIONALS

constitutes a competitive equity incentive program. AFA finds their proposal neither competitive nor reasonable, and in fact is clearly out-of-line by any comparison other than their own as it flies in the face of shared sacrifice. This proposal sets both a record low in fiscal responsibility and record high in current management greed.

The prospect of this select group of executives rewarding themselves at the expense of Flight Attendants and other employees add fuel to a simmering fury to a relationship void of trust. United management already has overly-generous salary, KERPs and very lucrative Profit and Success Sharing Programs; far above any reasonable measure for a company that has spent three years in bankruptcy and extracted \$4 billion in annual concessions from employees.

In the beginning of the bankruptcy, United claimed a successful reorganization depended upon "the fair treatment of employees." Management promised to "equitably share the pain of United's restructuring." Unfortunately, the record reflects an entirely different reality. In every instance, employees have been forced to sacrifice while executives are richly rewarded. In light of the sacrifices made by the dedicated front line workers whose commitment has been critical to the success of our airline, this most recent snatch-and-grab by management not only evidences poor judgment, but downright avarice.

Management has chosen to further widen the gap between management and employees with lucrative executive bonuses and an attempt to retain the right to reject the Flight Attendant Contract, rather than generating unity and momentum as we prepare to exit bankruptcy in 2006. The details of the MEIP, a report prepared to support management's claim and our objection to the POR are available on our website (www.unitedafa.org).

One would think after Glenn Tilton's protected pension trust and increases in salary and bonus programs, the voracious appetites of these executives would be sated. United Airlines senior executives fail to understand or choose to ignore the concept of shared sacrifice – and for that matter, what is good for United Airlines.

It is the front-line employees who will once again defend our airline and our right to share in its success. Join us in Court as we challenge their great money grab in this final chapter of bankruptcy. Stand proud, stand strong and stand together.

In Solidarity,



Greg Davidowitch, President
United Master Executive Council