



December 9, 2002

Ladies and Gentlemen:

Since United has announced they will file for bankruptcy, many questions have arisen. To address the concerns of our Members, AFA in conjunction with our attorneys have prepared this document to explain how bankruptcy laws apply to the current United Airlines situation.

This document is not intended to try to answer every individual question our Members have about bankruptcy, but we will try to answer as many as we can.

The Company felt it was necessary to file for bankruptcy as soon as the ATSB denied our loan application. This is because the Company's liquidity is at very low levels and if cash falls below a certain level a bankruptcy filing must be made in order to protect the Company from creditors. Without that guarantee the Company has no access to capital for additional borrowing and is not able to refinance their debt.

In our current Contract as well as the Contracts of the other Unions on the property, there is no specific protection for Flight Attendant wages, benefits and working conditions in the event of bankruptcy. The greatest risk for the employees is that United under the provisions of Section 1113 of the Bankruptcy Code, might seek bankruptcy court approval for the rejection of the existing labor Contracts. Through this process, the Company would be able to impose changes to wages, benefits and working conditions.

Under Section 1113 of the Bankruptcy Code a Company seeking to modify its labor Contracts must engage in good faith negotiations and propose only those changes necessary to achieve a reorganization of the Company. If no agreement is reached, the Company can file an application under Section 1113 requesting that the court reject the labor Contracts. Within fourteen days of the filing of the application the court is required to schedule a hearing at which time the Company and Union are provided an opportunity to present evidence and argument in support of their respective positions. The Bankruptcy Code provides that the court must issue a decision on the Section 1113 application within thirty days of the hearing.

Avoid rumor and speculation by continuing to use all AFA communication channels for your information about our profession, and continue to work our job as the best safety professionals in the industry. No matter the circumstances surrounding our job, it is more important than ever that we display support for each other. If you need assistance, use the resources available through your Local Council or our website www.unitedafa.org.

You can be sure that AFA and our attorneys will be active participants on your behalf in these bankruptcy proceedings and will take any and all steps necessary to protect our collective best interest.

In Solidarity,
United Master Executive Council