BANKRUPTCY INFORMATION AND COMMONLY ASKED QUESTIONS

Association of Flight Attendants, AFL-CIO
United Master Executive Council, Communication Committee
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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 though 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

BANKRUPTCY OUTLINE

BASIC COMPONENTS OF A BANKRUPTCY

The basic components of a bankruptcy consist of the parties involved, which can have broadly different interests, the purposes of the bankruptcy, and the processes, which can be broken down into three distinct phases – the first days following the bankruptcy, the period needed to administer the estate, and the filing and confirmation of a plan of reorganization.

Though the parties, the purposes and the processes are generally the same, each case is unique and will vary based upon the size of the company, the number of Creditors, the amount of the debt and the financial condition of the company.

PARTIES

The parties can be defined as follows:

a. Debtor -- Upon filing its bankruptcy petition the company formally becomes a Debtor; if no trustee has been appointed to take control of the bankrupt estate, the company is referred to as a Debtor in possession.

b. Creditor -- Individuals, companies, and other entities to which the Debtor owes money and thus are considered to have a claim against the Debtor. There are two kinds of Creditors:

    1. *Secured Creditor* – Those entities whose debt is protected by security or collateral.
    2. *Unsecured Creditor* – Including among others lenders, suppliers, bondholders, and employees.

c. Shareholders -- Owners of stock that was issued before the filing.

PURPOSES OF A BANKRUPTCY

For the Debtor the purpose of a bankruptcy is to allow it to reorganize its financial and operational structure so that it can emerge from bankruptcy court protection as a viable enterprise. For the Creditor the purpose would be to maximize the recovery on their claims.

The goals of the Debtor and the Creditor can either be in harmony or conflict with each other. Here are some examples:

Harmony -- Both the Debtor and the Creditor believe that a maximum recovery on claims can be achieved through reorganization, enabling the company to pay off the largest possible percentage of its debt through the generation of new revenue and equity.

Conflict -- The *Creditor* has concluded that they would receive a higher recovery if the estate were to liquidate while the *Debtor* continues to believe that reorganization holds out the best hope.

PHASES OF A BANKRUPTCY

FIRST PHASE

In the first days following the filing of the bankruptcy petition a distinct and critical dividing line is created between those events and actions occurring before the bankruptcy petition was filed (pre-petition) and the ones after the filing of the petition (post-petition).

Automatic Stay -- The Automatic Stay is triggered upon the filing of the bankruptcy petition. This action creates a shield around the Debtor and no one can commence or continue a judicial, an administrative or any other action against it.

First Day Motions -- In bankruptcy a Debtor is prohibited from making any payments to any creditor for any debt that accrued pre-petition, however, the Debtor must be able to pay amounts owed to the Creditor whose services or products are critical to the continued operation of the estate. As a result the Debtor files a number of motions asking the court to authorize it to make payments to these essential providers.

Within fifteen days of the filing unless extended by the court, the Debtor is required to file a list of Creditors, a schedule of assets and liabilities, current income, current expenditures and a Statement of Financial Affairs. The Debtor also seeks and hopefully secures Debtor-In-Possession (DIP) financing to enable the company to sustain its operations in bankruptcy. Entities providing DIP are willing to take a risk on a bankrupt company because the amounts owed to this lender are paid before any other creditor.

Selection of Creditor Committee by U.S. Trustee -- The U. S. Trustee, who is a government official, selects a Creditor Committee that consists of the seven largest Creditors, as well as other Creditors including in many cases, Labor Unions.

The Creditor Committee will retain its own attorneys, financial consultants and other professional advisors; these are paid for by the Debtor, and the function of the Committee is to ensure that the interests of all unsecured Creditors are fairly and fully represented.

SECOND PHASE

Administering the Estate. The Debtor must continue to operate its business and address all the claims and other matters that result from the bankruptcy filing.

Bar Date -- The Debtor must establish a deadline, referred to as a "Bar Date" by which time all Creditors must file their claims.

Executory Contracts -- The Debtor must determine whether to assume or reject contracts for which performance by the Debtor or the other party is required. Gate Gourmet for example. Services. Such contracts are referred to as "Executory Contracts". If the Debtor assumes an Executory Contract it must pay the outstanding amounts owed. If it rejects these liabilities, the amounts owed are treated as a claim against the Debtor. The bankruptcy court must approve assumption or rejection of an Executory Contract.

Aircraft Leases -- The Bankruptcy Code gives the Debtor sixty days after the filing of the bankruptcy petition to determine whether to assume or reject any of its aircraft leases.

Collective Bargaining Agreement (CBA) -- While CBAs remains in effect, arbitration provisions remain in force, and are unaffected by the Automatic Stay.

Section 1113 -- After filing a bankruptcy petition but before an application to reject a Collective Bargaining Agreement is filed, the Debtor must make a proposal to the Union that provides for modifications to the CBA that would be necessary to permit reorganization and treat all parties fairly and equitably. The Debtor must provide the Union with such relevant information as is necessary to evaluate the proposal. Please be aware that modifications to our Contract during a bankruptcy can be far more drastic and costly than the ones we had just ratified. Negotiations during a bankruptcy is considered more of a "Draconian Process"

Once the proposal has been made, and up until the rejection hearing, the Debtor must meet at reasonable times with the Union and confer in good faith in an attempt to reach mutually satisfactory modifications to the CBA.

Rejection of the CBA is permitted if the Debtor has satisfied the above criteria, the Union has refused to accept proposal without "good cause" and the balance of equities clearly favors rejection.

Once application to reject is filed, Bankruptcy Court must schedule a hearing within 14 days. (A seven-day extension can be granted without the consent of the both parties, or a longer extension can occur if both parties agree). The Bankruptcy Court must make a decision within 30 days from the date the court begins it's hearing on the Section 1113 application. It is very important to note that the Bankruptcy Court gives the company every advantage. The Court in not interested in justice, they're only interested in working with the Debtor to assure it comes out of bankruptcy as a profitable enterprise.

Section 1114 --This section only applies to retiree health benefits. The procedures to modify are very similar to Section 1113.

Sale of Assets -- Generally, the sale of substantial assets must be approved by the Bankruptcy Court with notice and hearing to all parties in the case.

THIRD PHASE

Bankruptcy concludes with the confirmation of a Plan of Reorganization, or if one cannot be confirmed the company may be liquidated or sold.

Plan of Reorganization -- The Debtor must prepare a Plan of Reorganization and a Disclosure Statement. The Plan of Reorganization (POR) primarily describes how the claims of each class of Creditors will be treated; it sets out the amount that will be paid, the schedule for paying the claim and the form of the payment. The Debtor can offer to resolve a claim by paying the creditor in cash, or it can provide new bonds or equity that it will issue after it emerges from bankruptcy. The Debtor will attempt to resolve as many claims as possible prior to actually filing the POR so as to increase the likelihood that the POR will be confirmed.

The Debtor is bound by very strict rules of the Bankruptcy Code in determining the treatment of Creditors. The Bankruptcy Code establishes the priority or the order of payment for each class of Creditor. A Creditor who holds a lower position in the order of payment cannot receive any recovery on his claim unless the Creditors who have a higher priority are paid in full.

In the POR, the Debtor must provide information sufficiently adequate to allow Creditors to make an informed judgment on whether to confirm or reject the POR. In the Disclosure Statement the Debtor submits what is fundamentally a business plan so that the Creditors and the court can assess whether or not the confirmation of the Plan would be followed by the liquidation of the Debtor or the need for another financial reorganization.

The POR must be approved by each class of Creditor, with 66% of the total amount of claims and 50% of total number of claims voting for confirmation.

Effect of Bankruptcy Confirmation -- Debtor's new financial life begins when the Bankruptcy Court confirms a POR and discharges the Debtor from debts that arose prior to confirmation as provided for in the POR.

Required Steps under Section 1113
To Change Our Labor Agreement

1. United makes a Contract proposal to the Union which contains changes that it believes are necessary to the reorganization of the company and are fair and equitable to all other affected parties.

2. The Debtor (company) must negotiate in good faith with AFA, in an attempt to reach an Agreement on the proposed changes.

3. If an Agreement is reached between United and AFA, the Membership must vote to ratify the Tentative Agreement.

4. If the changes are ratified, they would go into effect immediately.

5. If no Agreement is reached or a tentative Agreement is not ratified, United can file an application under Section 1113 to reject our Contract. In order for a court to grant a Section 1113 application, United must show the following:

    - The changes are necessary to the reorganization of the airline
    - The changes are fair and equitable to all parties
    - The company provided the Union with all relevant information necessary to evaluate the proposal
    - The Union rejected the Contract proposal without good cause and
    - The balance of the equities clearly favors rejection of the Contract.

6. Within fourteen days of the filing of the application the court must schedule a hearing and within thirty days of the hearing the court must issue whether to approve or deny the application to reject the Collective Bargaining Agreement.

Bankruptcy Questions And Answers

1. <u>What is a bankruptcy?</u>

A bankruptcy is a legal proceeding with a special set of rules and standards governing a company's rights and obligations after the company files a bankruptcy petition. A bankruptcy also determines the rights and obligations of creditors and other parties. A creditor is an individual or business that has a claim against the bankrupt company (known as the debtor) that usually arises prior to the bankruptcy being filed.

The laws governing a bankruptcy are contained in the U.S. Bankruptcy Code. Bankruptcy proceedings are supervised by the U.S. Bankruptcy Courts, which are a division of the U.S. District Courts.

2. <u>What are the differences between a Chapter 7 and a Chapter 11 bankruptcy</u>?

A **Chapter 7** filing is a liquidation proceeding where a company terminates operations. A trustee liquidates assets and pays out available funds to various classes of creditors pursuant to rules provided in the Bankruptcy Code.

A **Chapter 11** filing is a reorganization proceeding that is intended to give a company an opportunity to restructure its operations and finances and emerge from bankruptcy pursuant to a plan of reorganization. In airline and other Chapter 11 bankruptcies, companies seek a seamless transition in operations upon a filing, so customers do not recognize a break or difference in service. In a Chapter 11 bankruptcy proceeding, a company may attempt to reorganize its operations in a "stand-alone" reorganization or sell some or most of its assets as a going concern.

A Chapter 11 filing does not guarantee that a company will obtain the new funding that is often necessary for a company to continue operating. Though this kind of bankruptcy filing is structured to prevent liquidation, liquidation can occur in a Chapter 11 proceeding if attempts to reorganize fail.

3. <u>What are the rights a Company obtains when it files for Chapter 11</u>?

A company filing for Chapter 11 obtains the right to seek court authority to reject otherwise binding Contracts. Pursuant to the automatic stay, which becomes effective immediately upon a bankruptcy filing, there is a suspension of most creditors' debt collection efforts and most litigation. Debts become what are called bankruptcy "claims," which are usually dealt with in a plan of reorganization.

The purpose of the automatic stay is to ensure that virtually all cases that could be filed or has already been filed is dealt with in one place – the bankruptcy court.

4. What are exceptions to the automatic stay?

Exceptions to an automatic stay include certain "First Day Orders," which, if appropriate motions are filed and approved, may authorize the company to pay various bankruptcy claims as they come due. These claims might include certain employee wages and benefits, as well as claims by key vendors, foreign creditors, and, in the case of transportation companies, ticket holders. While most litigation is stayed, grievance and arbitration proceedings under a labor Contract may go forward, although any monetary damages may be dealt with in the bankruptcy process.

5. What happens in the Chapter 11 bankruptcy process?

When a company files a petition for Chapter 11, the automatic stay takes effect and the company immediately comes under the supervision of the bankruptcy court. The debtor may ask the court for the authority to reject or assume Contracts.

The company ultimately negotiates a Plan of Reorganization (POR) with creditors and other involved parties in the bankruptcy. The POR is a legal document that provides how the company will pay creditors and how it will be governed following emergence from bankruptcy.

6. How is the Plan of Reorganization ('POR') approved?

The company's management has the exclusive right to file a POR for the first 120 days after filing the petition, although the bankruptcy court may shorten or extend that "exclusive" time period. Before a POR may take effect, it must be approved by the bankruptcy court and gain the required positive vote of various classes of creditors. There are usually prolonged negotiations over the POR between the company and various groups involved in the bankruptcy, as the approval of the POR is usually towards the end of a bankruptcy proceeding.

7. How is a company financed under Chapter 11?

A company filing for Chapter 11, now called the debtor-in-possession (DIP) because the debtor is still in possession of the business, usually seeks new financing. This is called debtor-in-possession financing and is used to pay for the operating needs of the company. As noted, the filing of a bankruptcy petition is not a guarantee that funding will be available.

8. What is the role of the bankruptcy judge?

The judge oversees the process and must review the debtor's "non-ordinary course" decisions, which includes any requests for rejecting labor Contracts or selling substantial assets. The judge will defer to the debtor's business judgment on many decisions. Many bankruptcy judges strongly encourage parties to settle legal disputes.

9. Who else is involved in a Company's bankruptcy filing?

The creditors have a formal role in a Chapter 11 bankruptcy. An official body called the Unsecured Creditors' Committee, usually consisting of the seven largest unsecured creditors, is appointed by the United States Trustee, a government official, to represent the interests of unsecured creditors. Unions who have substantial bankruptcy claims are entitled to appointment to such committees.

An "unsecured creditor" is an individual or business whose claim against the debtor is not protected or secured by any collateral. A "secured" creditor is an individual or business that has secured collateral from the bankrupt company (usually before the bankruptcy was filed) that protects the creditor in case the bankrupt company cannot pay the money it owes.

Each member of the Unsecured Creditors Committee receives one vote. This committee can hire professionals, often including lawyers and accountants or investment bankers, to monitor the company's actions. The debtor pays for this cost.

Any party can appear on any matter before the bankruptcy court, and the court tends to pay special attention to the views of the committee.

10. What can happen to our Contract if United files for Chapter 11?

Under Section 1113 of the Bankruptcy Code, the debtor may ask the bankruptcy court for authority to reject labor Contracts, and it can thereby seek to modify any provision in a labor Contract, including scope.

The debtor must go through a negotiation and litigation process before it can obtain rejection of a labor Contract. First, a proposal must be provided to the relevant Union prior to the company's filing the motion to reject in court. Among the statutory requirements, the proposal must provide only for "necessary" modifications that are "necessary" to permit reorganization and assure "fair" and "equitable" treatment of all parties. The company must also provide the Union with such relevant information as is necessary to evaluate the proposal. Then, within 2-3 weeks of filing this motion, during which negotiations take place, a full-scale bankruptcy court hearing is held where all interested parties can be heard. Negotiations often continue during the hearing. If no settlement is reached, the court's decision on rejection of Contracts will be made within 40-51 days of the filing of the motion unless the debtor agrees to extend this period.

If the rejection of a labor Contract is approved, it leads to the debtor's implementation of its last offer to the Union. The Union then has the right to strike.

Under Section 1113 (e) of the Bankruptcy Code, emergency short-term relief may be granted on an expedited basis without a full negotiating process if the court finds that the relief is "essential" to the continuation of business or to avoid "irreparable harm" to the bankruptcy estate.

11. What happens to our retirement health and life insurance benefits under Chapter 11 bankruptcy?

Section 1114 covers Union and non-Union retiree health and life insurance benefits. The procedures are similar to Section 1113. Pension issues are reviewed in questions 13 through 17.

12. What happened to the Flight Attendant Contracts in the Continental Airlines and TWA bankruptcies?

Continental Airlines filed for bankruptcy protection in 1983 and 1991. In the first bankruptcy, Continental eliminated the Collective Bargaining Agreement and replaced it with unilaterally created work rules. Wages were cut by 60%, and vacation, sick and other benefits also were drastically reduced. These actions were taken before Section 1113 was added to the bankruptcy code when there were no special procedures in place relating to a debtor's rejection of a labor Contract. A year after the second bankruptcy filing, the Flight Attendants were able to negotiate their first Collective Bargaining Agreement in nine years. That Contract, however, primarily incorporated most of the then existing work rules which management had imposed. Wages were increased but remained at 50% of what they were in 1983, before the first bankruptcy filing. Under that Agreement, the highest wage rate in the Contract's first year was $14.00, vacation peaked at 21 days after 10 years and there were no trip or duty rigs.

Prior to its purchase by American Airlines, TWA had undergone three bankruptcies – in 1992, 1995 and 2001. At the time of the first bankruptcy, the Flight Attendants had not negotiated a Contract since their strike in 1986. In August 1992 the Flight Attendants reached an Agreement with management that deferred wage increases until 1995. However, by August 1994, it had become clear that because of the carrier's financial condition it would not be able to pay for the scheduled wage increases. Instead, Flight Attendants along with the other labor groups negotiated a second concessionary Contract that remained in place until 1999. One and half years later, in January 2001 TWA again sought bankruptcy protection. As part of the transaction with American, the Unions agreed that their Contracts could be changed so as to mirror the equivalent provisions in the American labor Agreements. Also American demanded that the scope and successorship provisions in the TWA Collective Bargaining Agreements be eliminated.

13. Can the Retirement Plan be terminated?

Under the Collective Bargaining Agreement, the Company may terminate the Retirement Plan only with AFA's consent. However, if the Company is in reorganization in bankruptcy and meets certain stringent conditions specified in the Bankruptcy Code, including in Section 1113, a bankruptcy court could allow abrogation of the Collective Bargaining Agreement in this respect and permit the company to terminate the Retirement Plan without AFA's consent. Even if a termination instituted by the company (a so-called "voluntary termination") is permissible under the foregoing, it may not occur unless it also meets the requirements for either a "standard termination" or a "distress termination," which are discussed in the following questions.

In addition, the Pension Benefit Guaranty Corporation (PBGC), the federal government agency that administers and guarantees certain pension benefits, could act on its own to terminate the Retirement Plan (a so-called "involuntary termination"), if it determines that the plan has not met applicable minimum funding standards or will be unable to pay benefits when due, or determines that its possible long-run loss in providing guaranteed benefits under the plan will increase unreasonably if the plan is not terminated.

The Employee Retirement Income Security Act of 1974, as amended (ERISA), requires that the plan administrator provide 60-day advance written notice to all affected parties of its intent to terminate a plan. If the PBGC is advised that the proposed plan termination violates a Collective Bargaining Agreement and that the termination is being challenged under procedures specified in the Collective Bargaining Agreement, the PBGC will suspend the termination proceeding until resolution of the challenge. However, the PBGC still has the authority to proceed with an involuntary termination, if the requirements of an involuntary termination are met.

14. What are the requirements for a "standard termination," and how are plan assets allocated in that event?

If a pension plan's assets exceed its liabilities, it may be terminated in a "standard termination." In a "standard termination," plan assets are used to purchase insurance company annuities designed to cover all liabilities of the plan (for all active, retired and terminated participants and survivors). The Retirement Plan provides that any assets remaining after such a fully funded termination would revert to the company.

15. What are the requirements for a "distress termination"?

If a pension plan's liabilities exceed its assets, the Retirement Plan may be terminated only in a "distress termination." A "distress termination" may occur only if the PBGC determines that the entity sponsoring the plan (i.e., the company), as well as each entity in the sponsor's controlled group of entities, satisfies one of four alternate criteria for a distress termination, pursuant to Section 4041(c) of ERISA, as follows:

- The entity is in liquidation in bankruptcy, or the entity is in reorganization in bankruptcy, and the bankruptcy court determines that unless the plan is terminated the entity will not be able to pay its debts pursuant to a plan of reorganization and will be unable to continue in business outside the reorganization process, and the court approves the plan termination, or
- The PBGC determines that termination is required to enable the entity to pay its debts and continue in business, or
- The PBGC determines that termination is required for the entity to avoid pension plan costs that have become unreasonably burdensome solely as a result of a decline in the entity's workforce covered by all of the entity's pension plans.

16. What happens to the Pension Plan if UAL files for bankruptcy?

Any filing typically does not have an immediate effect on a defined benefit pension plan. Active employees will not lose currently vested pension benefits as a result of bankruptcy and retirees receiving a benefit will continue to do so. As a part of a restructuring under bankruptcy, UAL could attempt to terminate the pension plan. AFA would vigorously oppose any such action. Even if this happened, the plan would still be obligated to pay all vested and funded benefits for current and future retirees. If the plan did not have sufficient assets to pay for the vested benefits (a "distress termination"), the Pension Benefit Guarantee Corporation would guarantee payment of vested pension benefits, subject to certain regulations and maximums. *The Defined Contribution Plan (The 401(k)) is not affected by a bankruptcy filing.*

17. Is the pension Plan "fully funded?"

The funding level of the Pension Plan is based on the investments of the plan assets. As the market goes up and down, so does the funding level of the Plan. United was not required to make a contribution to the Flight Attendant Plan in 2002 because the funding level of the plan, plus credits in the plan, did not require it. This does not mean the plan is "fully funded'" but is funded at the legally required level.

18. How are retiree medical benefits affected by a bankruptcy?

A filing does not have an immediate impact on retiree medical benefits. They are not guaranteed by a governmental agency. However, they are part of the Flight Attendant Collective Bargaining Agreement. A Company may not modify benefits unless AFA agrees to such modification or unless the court specifically authorizes modification. Similar to the requirements that must be met to modify any Collective Bargaining Agreements, the bankruptcy code sets certain procedures to obtain permanent modifications to these benefits.

19. Would we continue to get paid when the airline is in bankruptcy?

Yes, things like wages, salaries, and sick leave are considered as normal administrative expenses while in bankruptcy. The bankruptcy laws assure that employees will continue to be paid their services during the reorganization.

20. Can someone make an offer for United Airlines in bankruptcy?

Yes. If United Airlines decides to sell its assets, another airline or interested party can make an offer for United as a whole or only for certain assets it deems valuable. The judge would have to approve any sale and, if there were more than one competing offer, would determine which competing bid to approve.

21. What happens to Workers' Compensation Benefits during a bankruptcy?

It is United's position that Workers' Compensation benefits in bankruptcy reorganization will be administered, as they currently exist. United and its claim administrator, Gallagher Bassett will continue to handle claims per the state jurisdiction that is appropriate and applicable. Payments for lost time benefits and medical treatment will continue to be paid within timelines allowed by state regulations. United supplemental benefits related to Workers Compensation claims will be reviewed as part of the reorganization process. It is not the intent of United Airlines to default on their obligations related to Workers Compensation benefits.

22. What happens to UAL's stock in bankruptcy?

The shares closed Friday at 93 cents a share, probably will become worthless or even more diluted in bankruptcy. They already have lost more than 99 percent of their value since reaching $100 per share each in 1997.

23. Who is lending money to United to continue its operation during bankruptcy?

United has arranged for $1.5 billion of so-called debtor-in-possession financing (DIP) as it operates under bankruptcy protection. Of that, $800 million would be available ten days after the bankruptcy filing. Four lenders- Citigroup, J.P. Morgan Chase, Bank One and the CIT Group- would each provide $300 million, and Bank One would provide an additional $300 million to reach the total. That separate package provided by Bank One, which issues the credit cards linked to United's frequent flier program, would make up a sizable part of the amount available after ten days.

Debtor-in-possession financing gives Untied enough cash to keep up its operations in the early stages of a bankruptcy restructuring. The lenders get first claim on the airline's assets, ahead of other creditors. Later in it's restructuring, United would have to look for exit financing.

Chapter 11 First Week Time Table

While no two Chapter 11 bankruptcies are the same, there is, to a limited extent, a general timetable of events that applies in most cases. It should be noted, however, that the time in which it take a debtor to submit and the court to confirm a plan of reorganization varies tremendously depending upon the complexity and the size of the case. The following is a list of events that typically occur within the first week after the bankruptcy petition is filed:

1. The automatic stay goes into effect upon the filing of the bankruptcy petition. See answers to question #3 in the Q and A

2. The Debtor files a series of First Day Motions to enable it operate in bankruptcy and asks the court to rule on these immediately. See answer to question #4in the Q and A.

3. The Court signs a number of First Day Orders including one which authorizes the Debtor to pay the wages and benefits of its employees that were earned prior to the filing.

4. The Court provides at least interim approval of the debtor-in-possession financing. See answer to question # 7 in the Q and A.

5. The U.S. Trustee appoints a Creditors Committee. See answer to question #9 in the Q and A.

6. The Creditors Committee holds its first meeting some time during the first week.