

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

In re:)	Chapter 11
)	
UAL CORPORATION, et al.,)	Case No. 02-B-48191
)	(Jointly Administered)
Debtors.)	
)	Honorable Eugene R. Wedoff
)	
)	Hearing: October 20, 2005
)	10:30 a.m.

**THE UNITED RETIRED PILOTS BENEFIT PROTECTION ASSOCIATION'S
OBJECTION TO THE DEBTORS' DISCLOSURE STATEMENT**

The United Retired Pilots Benefit Protection Association ("URPBPA") objects to the Debtors' Disclosure Statement. In support of its objection, URPBPA states as follows:

1. Section 1125(a)(1) of the Bankruptcy Code requires debtors in a disclosure statement to provide information "in sufficient detail . . . that would enable a hypothetical reasonable investor typical of holders of claims . . . of the relevant class to make an informed judgment about the plan . . .". Section 1125(a)(2)(C) of the Code requires that the Court determine whether the information in a disclosure statement is adequate considering the "ability [of the creditor] to obtain such information from the sources other than the disclosure required [under Section 1125]."

2. There should be no question that retirees are not likely to have resources available to them, other than what they receive from the Debtors, to assist them in understanding the disclosure statement. They need a clear explanation and disclosure of the Debtors' proposed plan and the possible consequences to them. In this context, URPBPA objects as follows:

**Substantive Consolidation And The
United - PBGC Settlement Agreement**

3. URPBPA objects to the inadequacy of the description of “substantive consolidation” within the disclosure statement (at pages 112 to 117). The proposed plan of reorganization presumes substantive consolidation of the debtors’ entities (see pages 90 to 91 of the disclosure statement). The Pension Benefit & Guaranty Corporation (“PBGC”) had joint and several liability claims against all of the debtors in connection with any lost qualified pension benefits. A greater recovery by PBGC of any such lost benefits inures to the advantage of and is shared with retirees according to ERISA Sections 4042(b)(1), 4044 and 4022(c). The PBGC’s ability to seek joint and several liability against all of the debtor’s entities, rather than against a single consolidated entity, increases the potential recovery because the full amount of ERISA liability is owed by each debtor and the recovery percentage for unsecured creditors is applicable to each debtor. By limiting recovery to percentage recoverable by a general creditor against a single debtor, the amount recoverable by substantive consolidation diminishes such potential recovery.

In the United - PBGC settlement agreement (Docket No. 11229), PBGC waived its right to seek joint and several liability against the debtors. However, that agreement is before the Seventh Circuit on appeal.

The substantive consolidation section should reflect the possibility, and describe the consequences relating to substantive consolidation, should the United - PBGC agreement be rejected by the 7th Circuit and the PBGC then pursue joint and several claims against the debtors. The disclosure statement should also describe how any lost qualified pension benefits of retired pilots may be recovered for their benefit by the PBGC without substantive consolidation as compared to substantive consolidation.

**The Securities To Be Conveyed To PBGC
As Reflected By The Disclosure Statement**

4. At page 55 of the disclosure statement, there is reference to the \$1.5 billion in securities and notes to be provided to PBGC in connection with the United - PBGC settlement agreement.¹ But there is no disclosure as to how, if in any way, the funds derived from the PBGC securities will be allocated among the various terminated pension plans. These allocations are controlled by ERISA Sections 4062(b), which creates separate liabilities to the PBGC with respect to each plan termination, and 4062(c), which creates separate liabilities to separate "Section 4042 Trustees" with respect to each terminated plan's assets. A description in the disclosure statement as to the manner in which funds derived from the PBGC securities will be distributed would be helpful to retired pilots in understanding the impact on them and their plan, should the qualified benefit component of their pension plan be terminated.

URPBPA'S Qualified Pension Benefits Claims

5. URPBPA members have filed proofs of claims as to their contingent claims for qualified pension benefits should there be a termination. As demonstrated by URPBPA's response filed in opposition to debtors' twenty-seventh omnibus objection to the claims (Docket No. 12279), URPBPA members are entitled to assert that claim in light of the PBGC's assignment to United under their settlement agreement of 45% of the PBGC's unfunded liability claim (a claim that would otherwise have been for the recovery of unfunded benefits for distribution to the retirees who lost such benefits). The disclosure statement should reflect that retired pilots have such claims which have yet to be resolved.

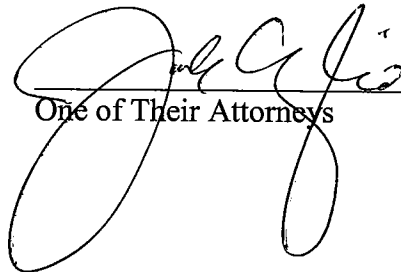
¹ There is a discrepancy between page 55 of the Disclosure Statement and the United - PBGC settlement agreement. The Disclosure Statement reflects that the PBGC is to receive "500 million shares 2% New UAL

The Air Line Pilot Association International's ("ALPA") Notes

6. The disclosure statement reflects that, under the United - ALPA agreement, (See Docket No. 9772) \$550,000,000 in notes are to be distributed to the "ALPA designee" for lost pension benefits (See disclosure statement at page 120). According to the 2003 Annual Report of the defined pension benefit plan for the pilots ("Pilots Plan"), at Schedule B, approximately two-thirds of the value of benefits of the Pilots Plan are owed to retired pilots. Accordingly, the disclosure statement should reflect the proper division among the retired pilots and active pilots of the distribution of the notes should there be a loss of pension benefits.

UNITED RETIRED PILOTS BENEFIT
PROTECTION ASSOCIATION

By:



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Convertible Preferred Stock" while the United - PBGC settlement agreement, at paragraph 2(a)(iii) refers to "\$500 million 2% Convertible Preferred Stock".