

Sharon L. Levine (SL 2109)
Thomas E. Redburn, Jr. (TR 3902)
LOWENSTEIN SANDLER PC
Attorneys At Law
65 Livingston Avenue
Roseland, New Jersey 07068
973.597.2500

John R. Harney (JH 3738)
O'DONOGHUE & O'DONOGHUE LLP
4748 Wisconsin Avenue, N.W.
Washington, DC 20016
(202) 362-0041 x 459

Co-Counsel for Plaintiffs
Charles Donnelly, Roseann Minnich,
Gabriel "Bill" Imbema, and Guillermo "Willie" Montoya

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

CHARLES DONNELLY, ROSEANN
MINNICH, GABRIEL "BILL" IMBEBA and
GUILLERMO "WILLIE" MONTOYA,

Plaintiffs,

v.

GLENN F. TILTON, FREDERIC F. BRACE
and PETER D. MCDONALD,

Defendants.

Civil Action No.

**COMPLAINT AND
DEMAND FOR JURY TRIAL**

Plaintiffs Charles Donnelly, residing at 29 Stoneybrook Drive, Old Bridge, NJ 08857, Roseann Minnich, residing at 249 Greenwat Terrace, River Edge, NJ 07661, Gabriel "Bill" Imbema, residing at 7 Plowshare Court, Marlboro, NJ 07746, and Guillermo "Willie" Montoya, residing at 101 E. Sheffield Avenue, Englewood, NJ 07631 (collectively, "Plaintiffs"), by and through their undersigned counsel, by way of Complaint against Defendants Glenn F.

Tilton, Frederic F. Brace and Peter D. McDonald, all of whom reside in Illinois (collectively, “Defendants”), hereby allege and say as follows:

SUMMARY OF ACTION

1. This is an action to recover damages and other relief arising from the Defendants’ breach of their fiduciary duties to creditors of an insolvent corporation.

2. Plaintiffs are current and former employees of United Air Lines, Inc. (“United”), a wholly owned subsidiary of UAL Corporation (“UAL”), currently debtors under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et. seq.* Plaintiffs are participants entitled to receive pension benefits under two pension plans established and funded by United, the United Airlines Management, Administrative and Public Contact Pension Plan (hereinafter “Public Contact Plan”) and the United Airlines Ground Employees’ Retirement Plan (hereinafter “Ground Plan”) (collectively, the “Pension Plans”). By virtue of the Pension Plans’ governing documents and applicable law, United has ongoing obligations to contribute funds to the Pension Plans which are used to pay benefits to participants such as Plaintiffs. As such, Plaintiffs and the Pension Plans are creditors of United.

3. Defendants are senior executive officers and/or directors of United and UAL (the “Debtors”). Because the Debtors are currently (and have been at all relevant times) insolvent and undergoing a Chapter 11 bankruptcy case, Defendants owe fiduciary duties directly to the Debtors’ creditors.

4. These fiduciary duties require directors and officers of an insolvent corporation to operate the corporation for the benefit of all its creditors and to treat similarly-situated creditors similarly.

5. It is a breach of their fiduciary duties for directors and officers to take actions which result in the preferential treatment of certain creditors over other creditors whose claims have the same or better payment priority.

6. That is precisely what Defendants have done in this case.

7. In total disregard of the interests of Plaintiffs and the Pension Plans, Defendants

negotiated and caused the Debtors, or one of them, to enter into a credit agreement with JP Morgan Chase (“JP Morgan”) and other lenders (the “Lenders”) to provide debtor-in-possession financing, knowing that the terms of the credit agreement effectively prohibited United from continuing to contribute funds to the Pension Plans in accordance with its obligations.

8. At the direction of Defendants, the Debtors then announced on July 23, 2004 that United was suspending further contributions to the Pension Plans, citing the prohibition on such contributions contained in the very credit agreement that Defendants negotiated with the Lenders.

9. Because other creditors of the Debtors with the same or lesser payment priority as Plaintiffs and the Pension Plans are not subject to the same prohibition, Defendants preferred those creditors over Plaintiffs and the Pension Plans.

10. Defendants also failed to manage UAL’s affairs for the benefit of all its creditors. As a result, Defendants breached their fiduciary duties to Plaintiffs and the Pension Plans, entitling Plaintiffs to recover damages from Defendants.

JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 because the suit is between citizens of different states and the amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs.

12. Venue is proper in this Court in accordance with 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claim occurred in this District.

PARTIES

13. Plaintiff Charles Donnelly (“Donnelly”) is a citizen of the State of New Jersey and resides at 29 Stoneybrook Drive, Old Bridge, NJ 08857. Donnelly is a retired employee of United entitled to receive pension benefits under the Ground Plan.

14. Plaintiff Roseann Minnich (“Minnich”) is a citizen of the State of New Jersey and resides at 249 Greenwat Terrace, River Edge, NJ 07661. Minnich is a retired employee of United entitled to receive pension benefits under the Public Contact Plan.

15. Plaintiff Gabriel “Bill” Imbema (“Imbeba”) is a citizen of the State of New Jersey and resides at 7 Plowshare Court, Marlboro, NJ 07746. Imbeba is a current employee of United entitled to receive pension benefits under the Public Contact Plan.

16. Plaintiff Guillermo “Willie” Montoya (“Montoya”) is a citizen of the State of New Jersey and resides at 101 E. Sheffield Avenue, Englewood, NJ 07631. Montoya is a current employee of United entitled to receive pension benefits under the Ground Plan.

17. Defendant Glenn F. Tilton (“Tilton”) is the Chairman, President and Chief Executive Officer of United. Upon information and belief, Tilton is a citizen of the State of Illinois.

18. Defendant Frederic F. Brace (“Brace”) is the Chief Financial Officer and Executive Vice President of United. Upon information and belief, Brace is a citizen of the State of Illinois.

19. Defendant Peter D. McDonald (“McDonald”) is the Chief Operating Officer and Executive Vice President of United. Upon information and belief, McDonald is a citizen of the State of Illinois.

FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS

20. United is a corporation organized under the laws of the State of Delaware and engaged in the commercial airline business.

21. UAL is a corporation organized under the laws of the State of Delaware and acts primarily as a holding company. United is the primary operating subsidiary of UAL.

22. Pursuant to collective bargaining agreements with the International Association of Machinists and Aerospace Workers (“IAM”), United established the Pension Plans as employee pension benefit plans.

23. United has the obligation to make periodic contributions to the Pension Plans in order to fund the payment of pension benefits to the Plans’ participants.

24. According to the Pension Benefit Guaranty Corporation, United owes more than \$500 million in contribution for the current year and more than \$4 billion over the next five

years.

25. Plaintiffs are retired and current employees of United and members of the IAM. As a result of having completed the requisite period of service with United and having satisfied other applicable requirements, Plaintiffs have been receiving, and are entitled to receive in the future, pension benefits under the Pension Plans, as promised to them by United.

26. On or about December 9, 2002, the Debtors each commenced their respective bankruptcy cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

27. At all times relevant to this action, United was insolvent and managing its affairs as a debtor-in-possession under the Bankruptcy Code.

28. As a result, at all relevant times, Defendants owed United's creditors, including Plaintiffs and the Pension Plans, fiduciary duties or quasi-trust obligations of loyalty, good faith and fair dealing to manage United for the protection and benefit of the creditors and to refrain from preferring one set of creditors of equal priority over other creditors of equal priority.

29. In or about June 2004, Defendants negotiated a debtor in possession ("DIP") financing package with the Lenders. Upon information and belief, during these negotiations, the Defendants either offered or agreed with the Lenders that, as a condition of the DIP financing, United would not make any further contributions to the Pension Plans.

30. In flagrant disregard of their fiduciary obligations to Plaintiffs and the Pension Plans, Defendants agreed and caused United to enter into a credit arrangement with the Lenders that effectively prohibited United from making any additional contributions to the Pension Plans.

31. Similarly-situated creditors whose claims were entitled to the same or lesser priority were not subject to such a prohibition.

32. By causing the Debtors to enter into the credit agreement on these terms, Defendants failed to manage the Debtors' affairs for the benefit of all of their creditors and preferred other creditors over Plaintiffs and the Pension Plans, who were similarly situated to the preferred creditors.

33. Citing the credit agreement with the Lenders, Defendants caused United to cease making contributions to the Pension Plans.

34. As a result, Defendants breached their common law fiduciary duties to Plaintiffs and the Pension Plans.

35. UAL's termination of further contributions to the Pension Plans has injured the ability of the Pension Plans to continue paying pension benefits, thereby causing injury to Plaintiffs.

FIRST CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY

36. Plaintiffs repeat and reallege each and every allegation contained in the preceding paragraphs as if fully set forth herein.

37. As directors and officers of United when that company was insolvent, Defendants had fiduciary or quasi-trust obligations to Plaintiffs and the Pension Plans, who are creditors of United.

38. By engaging in the conduct set forth above and causing United to suspend its contributions to the Pension Plans, Defendants breached their fiduciary or quasi-trust obligations to Plaintiffs and the Pension Plans in violation of applicable law.

39. Defendants failed to manage United's affairs for the benefit of all its creditors and preferred one set of creditors over similarly-situated creditors.

40. As a direct and proximate result of the foregoing, Plaintiffs have been damaged in an amount to be determined at trial.

SECOND CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY

41. Plaintiffs repeat and reallege each and every allegation contained in the preceding paragraphs as if fully set forth herein.

42. As directors and officers of United when that company was insolvent, Defendants had fiduciary or quasi-trust obligations to Plaintiffs and the Pension Plans, who are creditors of United.

43. By engaging in the conduct set forth above, Defendants breached their fiduciary or quasi-trust obligations to Plaintiffs and the Pension Plans.

44. Defendants caused the Debtors, or one or more of them, to enter into a credit arrangement with the Lenders that effectively prohibits United from making further contributions to the Pension Plans to fund promised pension benefits to Plaintiffs in accordance with applicable law.

45. In so doing, Defendants failed to manage United's affairs for the benefit of all its creditors and preferred one set of creditors over similarly-situated creditors.

46. As a direct and proximate result of the foregoing, Plaintiffs have been damaged in an amount to be determined at trial.

WHEREFORE, Plaintiffs request the following relief jointly and severally against all Defendants awarding:

A. Compensatory damages, including payment of any contributions to the Pension Plans that United fails to make as a result of Defendants' actions;

B. Punitive damages for Defendants' willful and wanton breach of fiduciary duties;

C. Reasonable attorneys' fees and costs of suit; and

D. Such other and further relief as the Court deems reasonable and just.

JURY DEMAND

Plaintiffs hereby demand trial by jury as to all issues so triable.

LOWENSTEIN SANDLER PC
65 Livingston Avenue
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(973) 597-2500
Attorneys for Plaintiffs

By: /s/ Thomas E. Redburn, Jr.
Sharon L. Levine (SL 2109)
Thomas E. Redburn, Jr. (TR 3902)

-and-

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4748 Wisconsin Avenue, N.W.
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Attorneys for Plaintiffs

Dated: July 30, 2004

CERTIFICATION IN ACCORDANCE WITH LOCAL CIVIL RULE 11.2

I certify that the matter in controversy is not the subject of any other action, arbitration or administrative proceeding, pending or contemplated, except the action entitled International Association of Machinists and Aerospace Workers, et al. v. Pension and Welfare Plans Administration Committee of United Airlines, Inc., et al., Civil Action No. 04C 496, pending in the United States District Court for the Northern District of Illinois. The plaintiffs in that action are the International Association of Machinists and Aerospace Workers and union members John D. Patrick, Jr., Rudy Asuncion, Nancy Campbell and Mary Barry. The defendants are the Pension and Welfare Plans Administration Committee of United Airlines, Inc., Glenn F. Tilton, Frederic F. Brace and Peter D. McDonald.

LOWENSTEIN SANDLER PC
Attorneys for Plaintiffs

By: /s/ Thomas E. Redburn, Jr.
Sharon L. Levine (SL 2109)
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Dated: July 30, 2004